



CLARIFICATIONS FOR AUDIT OF RESOURCES MANAGED BY MiDA

RFP: 5830100/RFP/QCBS/02/18

SI	Ref	Question	Answer
1	TECH-2	<p>We have reviewed the above RFP and would like to seek clarification on a number of matters relating to evidence of the financial capacity of the consultant. Form TECH-2A: Financial Capacity of the Consultant states that “..... The Consultant is required to provide information on its financial status. This requirement can be met by submission of one of the following:</p> <p><u>i. audited financial statements for the last three (3) years, supported by audit letters, OR</u></p> <p><u>ii. certified financial statements for the last three (3) years, supported by tax returns”</u></p> <p><u>1. Audited financial statements for the last three (3) years, supported by audit letters,</u></p> <p>Partnerships in Ghana are incorporated under the Incorporated Private Partnership Act 1962 (Act 152). Sections 32 and 33 of Act 152 (see attached Act 152) set out the</p>	<p>We have reviewed the clarification request about the submission of the “<i>audited financial statements for the last three (3) years, supported by audit letters</i>” and have gone through both clauses 32 and 33 of Act 152 which <i>inter alia</i> states that “<i>proper accounts of the firm by way of P & L account and balance sheet must be drawn up</i>”.</p> <p>The Act did not specifically stipulate anywhere that an audit firm is allowed to self-certify. We are also unsure about the status of each audit firm as indicated in the Act because from the request, we understand whilst audit firms can be a partnership the Act itself speaks of a “firm”.</p> <p>Nevertheless, we believe that all audit firms should be able to have an audited financial statements supported by audit letters as provided by other</p>

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		<p>format and manner regarding the presentation of financial statements of incorporated private partnerships. Unlike the Companies Act, there is no requirement to subject the financial statements of partnerships to an audit. Audit of financial statements of incorporated private partnerships may be performed on an optional basis.</p> <p>The annual financial statements of incorporated private partnerships are filed with the Register General's Department for annual renewal of registration certificate, and also with the tax authorities to support the tax filings of individual partners.</p> <p>In view of the statutory provisions mentioned above, which do not require incorporated private partnerships in Ghana to have audited financial statements, could MCC/MiDA review this requirement of audited financial statements?</p> <p><u>2. Certified financial statements for the last three (3) years, supported by tax returns</u></p> <p><i>a. Certified financial statements</i></p> <p>We would be grateful to receive clarity on which of the following certifications and/or any other form of certification that is appropriate and acceptable to MCC/MiDA for this purpose.</p> <ol style="list-style-type: none"> i. Would notarisation and certification by a Notary Public of our financial statements as a "certified true copy" constitute adequate certification? ii. Would certification by a Commissioner of Oaths of 	<p>auditing firms who had submitted bids for earlier procurements with MiDA.</p> <p>MiDA would not accept notarization and certification by a Notary Public nor certification by a Commissioner of Oaths of the financial statements as we do not consider those as constituting adequate certification.</p> <p>Whilst we are aware that a partnership is not liable to pay income taxes with respect to the chargeable income of the partnership per Act 896, we firmly believe that a partnership prepares a partnership income statement which serves as the pass-through income statement for the partners. We believe that a certification of that statement which supports the partners tax returns and the individual partner's tax returns by the Ghana Revenue Authority (or their equivalent in other countries) should satisfy the "certified financial statements for the last three (3) years, supported by tax returns" requirement.</p>

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		<p>our financial statements as a “true copy” constitute adequate certification?</p> <p>iii. Would confirmation by the tax authorities certifying our financial statements as a true copy of what we filed for tax purposes constitute adequate certification?</p> <p><i>b. Tax returns</i></p> <p>Under our tax laws, partners of incorporated private partnerships are assessed for tax obligations in their individual capacities. Section 52 (1) of the Income Tax Act 2015 (Act 896) of Ghana states that “A Partnership is not liable to pay income tax with respect to the chargeable income of the partnership....” Act 896 further states under section 52 (2) that “the income of the partnership or loss of a partnership is to be allocated to the partners...” (See attached copy of the Income Tax Act).</p> <p>In addition, under section 54 of the Income Tax Act 2015 (Act 896), the financial statements of incorporated private partnerships are required to be filed with the Ghana Revenue Authority to enable the tax authorities appropriately assess the individual partners.</p> <p>As a result, there is no tax return for the firm as a partnership. However, the individual partners file annual tax returns.</p> <p>Based on the above could you please let us know which of the following will constitute sufficient evidence of the tax filing</p>	

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		<p>status of KPMG and its partners?</p> <ul style="list-style-type: none">- Tax Clearance Certificate (TCC) from the Ghana Revenue Authority confirming the tax position up to 2016 year of assessment of all the partners and the settlement of their tax obligations.- The tax returns of the individual partners.	