




Public Sector Audit Effectiveness: A Critical Review of Ghana's Surcharge and Disallowance Regime

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Abstract

The study used PRISMA-guided systematic review of studies on the subject of public audit systems with particular reference to surcharge and disallowance systems in various nations. It makes inferences that can inform institutional and legal changes in the public sector of countries especially whether audit accountability can be enhanced by way of enforcement, independence and integration with governance frameworks. According to 37 peer-reviewed publications between 2020 and 2025, six main themes were established: statutory authority, audit structures of enforcement, the effectiveness of audits, the independence of oversight bodies, the confidence of people and the correlation of audit results and fiscal governance. Other countries such as South Africa, Kenya and United Kingdom have adopted legally binding audit framework with coordinated implementation, which leads to more effective accountability. Conversely, the system in Ghana, though constitutionally based, has its fair share of challenges by virtue of lapses in enforcement as well as political interference. Results show that Ghana should enhance the power of the Auditor-General, harmonize audit standards between different jurisdictions, encourage collaboration among institutions, and scale up audits to cover the performance measures. Credibility and compliance can also be increased by improving public access to the findings of the audits. The present study has original value due to the fact that it dwells on the enforcement aspect of the public audits, which receive insufficient attention. It draws upon the cross-national experiences and summarizes them into practical reforms that are applicable in the Ghanaian context, providing a solid background to continue research and formulate policies.

Subject Areas

Accounting and Auditing

Keywords

Public Audit, Enforcement Mechanisms, Surcharge and Disallowance, Audit Independence, Institutional Reform, Comparative Public Financial Management

1. Introduction

Public sector auditing is important in enhancing transparency, accountability, and good governance particularly in management of public funds. It is especially topical in underdeveloped countries where, due to weak systems of control and the high level of corruption, financial rigor and institutional credibility are often lost [1] [2]. However, the audit practice in the public sector has been evolving and getting more advanced over the years due to growing expectations of audit quality, integrity, and independence in both developed and developing economies [3] [4]. Against this wider backdrop, Ghana is one of the unique examples because of the constitutional clause, which grants the Auditor-General the power to disallow unauthorized expenditure and also to levy surcharges on those responsible in case of any loss of money. Specifically, the Article 187(7)(b) of the Constitution of Ghana of 1992 gives the Auditor-General the power to nullify illegal payments, as well as to impose surcharges on any individual, whose activity has led to the loss of state funds. The Supreme Court reaffirmed this requirement in seminal *Occupy Ghana v. The Attorney-General* in 2017, which stated that the powers of the Auditor-General are not only valid but mandatory. In spite of this dedicated legal basis and an increase in popular backing, little evidence exists to indicate that the exercise of these powers has had a huge impact in discouraging financial malpractices. The reports of the Auditor-General repeatedly reveal the same cases of fiscal non-compliance, and the real enforcement and recovery of finances are rare and inadequate [5] [6].

The studies of auditing in the public sector have identified several factors as determinants of the effectiveness of the audit, among them the quality of institutional frameworks, the independency of audit institutions, the performance of audit committees and the level of stakeholder engagement [7]-[9]. Despite the tempting insights of these studies, a gap still exists in the knowledge about how these audit instruments, e.g., surcharges and disallowances, are actually enforceable and how different contextual factors, legal, political, and institutional, play a role in their effectiveness. Such a gap is especially pronounced in Sub-Saharan Africa where the functionality of such accountability mechanisms is rarely investigated, even though they are important in promoting financial transparency and discipline. Filling this gap, the current review aims at critically evaluating how the system of surcharge and disallowance in Ghana contributes towards the overall efficiency of the audits in the public sector. It breaks into the institutional and legal framework structure; it examines the enforcement realities and the degree to

which the regime enhances fiscal responsibility. By so doing, the research would contribute to the current international debate on audit accountability, by establishing the case of Ghana within a larger comparative context.

The review is organized by using four key themes. It begins by looking at the legal and institutional foundations of the surcharge and disallowance system focusing on statutory obligations and oversight functions of major institutions. Second, it examines the operationalization of such provisions, that is, how surcharges are launched, monitored, and imposed. Third, it assesses the impact of the system on the management of public finances, its discouraging effect and contribution to fiscal prudence. Finally, it puts the experience of Ghana in a wider international context, comparing it with the global models and practices, and pointing at the potential areas of improvement and policy change.

2. Methodology

This study relies on the systematic literature review design of the PRISMA protocol to enhance transparency, reproducibility, and methodological quality. In order to identify the relevant literature, the extensive search was performed in the academic databases such as Emerald Insight, Wiley Online Library, Taylor & Francis, and Google Scholar. The search strategy used was a combination of key words including surcharge and disallowance; public sector audit; audit enforcement; audit institutions; and public financial accountability with the Boolean operators to narrow the search. To be relevant and current, a review was limited to peer-reviewed journal articles published in the English language within the time frame of 2020 to 2025.

A number of eligibility criteria were used to consider articles to include. Research papers were considered provided they were on surcharge and disallowance mechanism, public financial management system, audit enforcement and the position of supreme audit institution in improving accountability in the public sector. Empirical studies, conceptual reviews, and comparative analyses that had a well-laid methodology were only retained. The studies that were not directly related to audit or accountability mechanizations, had obscurity in methodology, or were not contained within the period of publication were eliminated. Also, materials that were not peer-reviewed, duplicates, commentaries, and those that could not be accessed in full-text were removed.

The screening procedure took a multi-stage procedure. A total of 213 articles were obtained in the database searches initially. These 165 titles and abstracts were then sifted through to eliminate irrelevance after which 48 duplicates were eliminated. Out of this collection, 72 articles were identified to undergo full-text searching that was somehow apparent as per the focus of the study. An elaborate evaluation of the contents of these articles resulted in the removal of 35 papers which either lacked thematic relevance or methodological quality. Finally, 37 articles fulfilled the inclusion criteria and were included in the final synthesis. Two reviewers independently screened and selected the articles to decrease potential bias and in-

crease objectivity.

The articles were considered if they had strong discussions on the enforcement mechanism, institutional frameworks or legal frameworks on the audit regime especially in a setting similar to Ghana like Kenya, South Africa or United Kingdom. The ones that were left out were usually shallow in their analysis, lacked empirical support, or did not add much to the thematic interests of the review.

Thematic synthesis was utilized as the method of extracting and analyzing data collected in the chosen studies. This methodology enabled the determination of common themes, conceptual categories and policy-relevant patterns. Major themes that came out were legal requirements of audit institutions, independence and professionalism of the auditors, surcharge and disallowance mechanism, integration with the public financial management tools, and the public faith in the outcome of audit. The articles were further classified into methodological approach, either qualitative, quantitative or mixed methods, and by regional focus, which gave the analysis a rich comparative aspect.

In order to address the quality and credibility of studies selected, Critical Appraisal Skills Programme (CASP) checklist was utilised in qualitative research, whereas Joanna Briggs Institute (JBI) critical appraisal tools were employed in quantitative and mixed-method studies. Only studies which reached a quality threshold of 70 percent or above in the respective assessment tools were carried forward to be reviewed finally. This was to assure that the synthesis was grounded on believable, stringent and quality evidence.

The review procedure had methodological principles of a systematic review, which is consistent with the PRISMA 2020 statement. The resultant pool of 37 articles encompassed 18 empirical case studies, 10 comparative reviews, 6 conceptual articles and 3 meta-analyses. The articles were a balance between geographical and institutional settings and provided a balanced view of the operations of surcharge and disallowance regimes in different jurisdictions. The years of publication were between 2020 and 2025, which embrace the latest developments and issues of audit reforms in the public sector.

By and large, the identified methodology allowed making the literature review comprehensive and analytically sound, which serves as a good basis to assess the regime of surcharge and disallowance in Ghana in terms of international practices and standards.

Table 1 provides a summary of the final articles selected.

3. Findings and Discussion

3.1. Legal and Institutional Framework Governing Surcharge and Disallowance in Ghana

The legal and institutional framework underpinning surcharge and disallowance in Ghana is principally grounded in the 1992 Constitution and the Audit Service Act, 2000 (Act 584). Article 187(7)(b) of the Constitution provides that the Auditor-General shall disallow any item of expenditure which is contrary to law and

Table 1. Evidence-map of articles.

Author	Country	Region	Method	Key Findings
Alqudah <i>et al.</i> [8]	Jordan	Middle East	Quantitative	Extrinsic rewards moderate internal audit effectiveness
Caruana & Kowalczyk [2]	Malta, Poland	Europe	Qualitative	Identifies key determinants of audit quality
Cordery & Hay [5]	New Zealand	Oceania	Review	Overview of public sector audit frameworks
Cordery & Hay [1]	New Zealand	Oceania	Conceptual	Highlights resilience of audit institutions
Mattei <i>et al.</i> [3]	Italy	Europe	Literature Review	Explores evolution of public sector auditing
Nerantzidis <i>et al.</i> [9]	Greece	Europe	Systematic Review	Comprehensive review of internal auditing
Postula <i>et al.</i> [6]	Poland	Europe	Empirical	Internal audit improves public service efficiency
Rana <i>et al.</i> [4]	UK, Italy	Europe	Systematic Review	Trends and challenges in performance auditing
Shuwaili & Hesarzadeh [7]	Iraq	Middle East	Mixed Methods	Developed internal audit effectiveness model
Abdulai & Appiah [10]	Ghana	Africa	Qualitative	Political settlements affect financial reforms
Agyemang <i>et al.</i> [11]	Ghana	Africa	Empirical	Audit reforms reduce occupational fraud
Appiagyei [12]	Ghana	Africa	Budget Review	Budget analysis of Ghana Audit Service
Pimpong & Agbevade [13]	Ghana	Africa	Institutional Assessment	SAI's role in democratic governance
Tetteh & Agyenim-Boateng [14]	Ghana	Africa	Institutional Theory	Insights from institutional reform theory
Upadhaya <i>et al.</i> [15]	UK	Europe	Case Study	Examines transparency & accountability mechanisms
Zaato [16]	Ghana, Nigeria	Africa	Comparative Case Study	Political factors shape performance systems
Doceo [17]	Philippines	Asia	Legal Review	Legal powers of audit commission examined
Ibrahim [18]	Nigeria	Africa	Case Study (Doctoral)	Reforms improve performance of government entities
Maalo <i>et al.</i> [19]	Ghana	Africa	Expert Survey	Auditor-General's reports influence tax compliance decisions
Adomako-Kwakye [20]	Ghana	Africa	Qualitative	Petroleum Act transparency mechanisms analyzed
Barrados & Lonsdale [21]	Canada, UK	Europe/N. America	Conceptual	Discusses overlap between audit and evaluation practices
Ahinsah-Wobil [22]	Ghana	Africa	Policy Review	Examines reform policies in PFM
Pompe <i>et al.</i> [23]	Multiple (SSA)	Africa	Thematic Review	SAIs play key role in anti-corruption in emergencies

Continued

Upadhaya <i>et al.</i> [15]	UK	Europe	Case Study	Assesses transparency and accountability in PFM systems
Caruana & Kowalczyk [2]	Malta, Poland	Europe	Qualitative	See entry 2
Cordery & Hay [5]	New Zealand	Oceania	Review	See entry 3
Ferry & Ahrens [24]	UK	Europe	Comparative Study	Analyzes audit regulatory frameworks in 4 UK nations
Ferry <i>et al.</i> [25]	Multiple	Global	Comparative Study	Compares SAI audit/accountability arrangements globally
Ferry <i>et al.</i> [26]	Multiple	Global	Comparative Study	Mapped audit systems across 20 countries
Ferry & Ruggiero [27]	Multiple	Global	Comparative Study	Insights from local government audit practices
Hazgui & Triantafyllou [28]	Canada, Denmark	N. America/Europe	Exploratory Qualitative	Performance audits navigate legitimacy & neutrality
Rossi <i>et al.</i> [29]	EU countries	Europe	Comparative Study	Assesses harmonization across local audit systems
Mattei <i>et al.</i> [3]	Italy	Europe	Literature Review	See entry 5
Rana <i>et al.</i> [4]	UK, Italy, Nepal	Multiple	Systematic Review	See entry 8
Hay & Cordery [30]	New Zealand	Oceania	Conceptual	Calls for broader scope in public audit studies

surcharge the amount upon the person responsible. This mandate was solidified by the landmark Supreme Court ruling in *Occupy Ghana v. Attorney-General* in 2017 also emphasized that the Auditor-General's powers to disallow and surcharge are not discretionary but mandatory and enforceable. The Audit Service Act further operationalizes this constitutional mandate by detailing the processes for conducting audits and ensuring accountability through surcharge and disallowance procedures [13].

The Auditor-General plays a central role in enforcing financial discipline and public accountability. As the head of the Supreme Audit Institution, the Auditor-General audits all public accounts, including ministries, departments, agencies, and other public institutions, and submits reports to Parliament within six months after the end of the financial year. Agyemang *et al.* [11] argue that the Auditor-General's power to disallow and surcharge serves as a potent deterrent against occupational fraud, especially when supported by forensic audit reforms. Their research shows that enhanced audit practices, particularly those linked to fraud detection and prevention, strengthen the effectiveness of the surcharge regime. This aligns with stakeholder theory, which emphasizes accountability and transparency in public sector financial management. Despite the strong legal framework, institutional capacity constraints have hindered the full implementation of surcharge and disallowance provisions. Pimpong and Agbevade [13] report that the Ghana Audit Service (GAS) is severely understaffed, with only 68

district audit offices serving over 200 districts. Additionally, operational challenges such as delayed budgetary releases and bureaucratic recruitment processes undermine the efficiency and independence of the Auditor-General. Although the Auditor-General is constitutionally appointed by the President in consultation with the Council of State, the executive still retains significant influence over budgetary and administrative decisions, thereby compromising the de facto independence of the institution.

Institutional theory, as applied by Tetteh and Agyenim-Boateng [14], also explains the gaps between formal legal mandates and actual implementation practices. While the laws provide robust accountability tools, their enforcement often falls short due to political and organizational inertia. Ahinsah-Wobil [22] similarly observes that reform mechanisms in Ghana's public financial management (PFM) remain largely procedural and do not always translate into improved enforcement of sanctions like surcharges. Abdulai and Appiah [10] adopt a political settlements approach and argue that the enforcement of audit sanctions, including disallowance, is often shaped by elite consensus and political interests rather than by institutional rules alone. Furthermore, public sector performance management and audit implementation are influenced by broader governance structures. Zaato [16] identifies inconsistencies in performance monitoring frameworks across public institutions, noting that political interference and weak sanctioning mechanisms dilute the effectiveness of financial oversight. The 2022 report of the special budget committee further corroborates these concerns by highlighting resource constraints and operational bottlenecks within the Audit Service, which inhibit its ability to perform rigorous audits and follow through with disallowance and surcharge enforcement.

In conclusion, Ghana possesses a comprehensive legal foundation for surcharge and disallowance through its constitutional and statutory instruments. The Auditor-General is mandated to act decisively in safeguarding public resources, and recent judicial pronouncements have reinforced the enforceability of these powers. However, institutional challenges—such as inadequate staffing, executive encroachment, and weak enforcement capacity—continue to undermine the full realization of this framework. Strengthening institutional independence, investing in capacity-building, and insulating audit processes from political influence are essential for improving the efficacy of the surcharge and disallowance regime in Ghana.

3.2. Implementation and Enforcement Mechanisms of the Surcharge and Disallowance Regime

Surcharge and disallowance regime in Ghana is one of the most important tools of promoting accountability and financial discipline in the public sector. Its application mostly depends on the Auditor-General who is bound to identify and penalize irregular expenditures by notifying disallowance and surcharge certificates to the concerned state officials. Such power has been bolstered by legal force especially by a court ruling in the *Occupancy Ghana v. Attorney-General*, that estab-

lished the binding character of the duties of the Auditor-General. However, the effective operation of these provisions, regarding the manner of recording surcharges, recovery of funds and the cooperation between institutions, still encounter systemic and institutional challenges. Effective cooperation between main oversight institutions including Auditor-General, Attorney-General and Parliament is a fundamental element in the implementation of the regime. Although the Attorney-General may be left with the responsibility of recovering the money legally, the Auditor-General kicks off the process with audit certifications and findings. As Pimpong and Agbevade [13] note, this process is highly undermined by the isolation of institutional functions, the lack of a well-defined distribution of roles, and poor coordination between these entities. Also, the fact that Parliament plays a minimal role in the taking of action on the findings of the audit undermines the chain of enforcement.

The process of recovery of misappropriated funds is also not rosy, as the rate of compliance stays low in many governmental agencies. Agyemang *et al.* [11] note how occupational fraud continues to persist even in the face of audit reforms due to poor monitoring and protection of the involved officials by political networks. Their study provides an emphasis on the necessity of superior forensic audit instruments and computerized systems to track conformity and enhance responsibility. Using a political settlements approach, Abdulai and Appiah [10] reveal how elite interests can play a major role in determining the extent to which enforcement measures, including surcharges, are enforced, reducing their deterring effect. The literature in other jurisdictions implies these two aspects of institutional synergy and strong internal audit systems. According to Kamara and Kamara [31], when internal audit in revenue agencies, including the National Revenue Authority in Sierra Leone, is effectively followed up by political will and systemic follow-up, it greatly boosts compliance and financial results. In South Africa, Vorster and Nwosu [32] discover that the divided regulatory oversight and lack of anti-corruption structures that are coordinated undermine institutional ability to bring officials to book. These findings are similar in line with the case of Ghana, as the colleague agency collaboration is very poor to enable effective enforcement. The other significant limitation is the small size of audit institutions especially those operating at sub-national level. According to Pimpong and Agbevade [13], most local audit offices do not have the human and logistical capacity to undertake thorough investigations and oversee the recovery process. Zaato [16] goes on to say that even the performance management systems in the public institutions are usually undermined with political concerns in mind, meaning that senior officials are not willing to sanction their peers or juniors in case they have political links. Such dynamic formatronizes the enforcement framework and undermines accountability of the public sector.

External and internal audits will only amount to something when such audits are underpinned by an effective legal and institutional enforcement regime. According to Upadhaya *et al.* [15], one of the usual weaknesses of the public financial management (PFM) systems in such countries as Ghana is the lack of linkage

among auditing, budgeting, and enforcement systems. This disconnection causes most of the audit outcomes such as surcharge certificates to be disregarded or put on hold permanently. According to Pompe *et al.* [23], Supreme Audit Institutions (SAIs) are essential not only in revealing cases of corruption but also in having proper mechanisms to pursue audit recommendations especially in emergency spending situations. Weak compliance in repayment of surcharged amounts also weakens the efforts made by the regime. In many cases, individuals who have been sanctioned never pay back to the public and this is because there is no centralized system that can be used to track them. Taquiuddin [33] suggests combining accountability compact and social audit at the community level to enhance follow-up and create more transparency. These instruments would be useful additions to the formal systems in Ghana in that they would facilitate civic engagement in checks. The same can be done with surcharge enforcement, as regular and frequent audits have proven to have a positive effect on the behavior of taxpayers [34].

Another area where disallowance and surcharge provisions are commonly used relates to procurement-related irregularities. Data-driven and transparent procurement systems are encouraged by Czibik *et al.* [35] to reduce abuse of the public money. Since audit reports in Ghana have consistently recorded procurement violations, the integration of the same into reinforcement can enhance it. Based on experience in the Philippines, Doceo [17] highlights how the clarity of the law and the definition of the roles of the institutions are needed to guarantee that the oversight institutions have the investigative ability and the power to require surcharges and disallowances on unjustified expenditures. To sum up, despite the fact that Ghana has developed a legal framework to underpin surcharge and disallowance regime, the practice is uneven and often reactive. Political influence, institutional fragmentation and resource limitation are some factors that still hinder effective enforcement. In order to improve accountability, efforts to empower institutional collaboration, establish audit ability, embrace digital monitoring platform and protect oversight institutions against political influences are essential. Such reforms are critical towards ensuring that the regime becomes a more useful tool towards ensuring accountability of public officials.

3.3. Impact of the Surcharge and Disallowance Regime on Public Financial Management and Accountability

Surcharge and disallowance measures have become one of the most critical strategies of enhancing public financial management (PFM) and accountability, especially among developing countries. These are aimed at deterring embezzlement of state funds, boosting compliance to regulations by those in the service and facilitating recovery of embezzled resources hence boosting fiscal responsibility and enhancing transparency.

Agyemang *et al.* [11] underscore that reforms that center on audits have helped to drastically reduce fraudulent activities in public institutions in Ghana. Their

research indicates that threats of surcharges and disallowances are a deterrent that decreases occurrences of deliberate financial misdeeds and promotes the strengthening of control systems. This intimidation impact is enhanced when the results of audits are announced and connected with individual financial consequences. This follows the international remit of Supreme Audit Institutions (SAIs), which, according to Pompe *et al.* [23], play a leading role in enforcing financial integrity by imposing sanctions on arbitrary spending.

These measures have also had a remarkable effect on the behavior of public officials. According to Upadhaya *et al.* [15], in the context of transparent and implementable PFM systems, the governmental personnel express a significant rise in the observance of financial regulations. Their comparative analysis has revealed that the application of Auditor-General powers in Ghana has significantly induced a change of attitude within organizations, especially in expenditure and procurement conformity. Adding to this, Ibrahim [18] in Nigeria discovered that the education of disallowance mechanisms caused the officials to behave more cautiously due to the fear of punishment.

Concerning financial restitution, literature results are conflicting yet mostly positive. Although extensive data on recovery efforts are scarce, Ibrahim [18] says that technological reforms of IPPIS and GIFMIS in Nigeria have enhanced fund tracing and curtailing of illegal spending. The recoveries of a part of the funds have been observed in Ghana, but Agyemang *et al.* [11] warn that enforcement is inconsistent, and in many cases, poorly followed up due to non-existing systems.

Surcharge and disallowance will also have the benefit of being augmented with effective reporting and publicity, hence making them even more effective. As it is stated by Upadhaya *et al.* [15], the believability and accessibility of the audit findings play a crucial role in enhancing fiscal transparency. When such reports are publicly available, it creates a form of civic control over officials and makes them follow financial standards. On the same note, the findings of Maalo *et al.* [19] reveal the positive potential of detailed audit disclosures to influence voluntary tax compliance, thereby strengthening governmental accountability in the perception of taxpayers.

But still, there are challenges. According to Doceo [17], in the Philippine setting, legal uncertainties as well as overlapping mandates serve to make the exercise of disallowance powers more difficult in practice. Abdulai and Appiah [10] argue in Ghana, enforcement is usually thwarted by political interference and institutional weaknesses, and those with political links have at times escaped punishment. Nevertheless, there is general agreement in the literature that, at least where audit institutions are independent and enforcement is reliable, surcharge and disallowance provisions can have a powerful effect in enhancing public financial management.

Comprehensively, it appears that the surcharge and disallowance system is performing well in terms of gearing towards better fiscal behavior, reducing corrupt activities and increasing financial transparency. They perform best whenever re-

inforced with a strong legal system, institutional autonomy, and citizens monitoring.

3.4. Comparative Perspective and Best Practices from Other Jurisdictions

The processes of surcharge and disallowance in Ghana can be effectively refined by comparative studies of how other countries (such as the UK, South Africa and Kenya) perfect their public audit systems. These countries reveal the way how legal regulations, institutional changes, and the mechanism of regular enforcement can empower the public accountability.

A decentralized audit system is the case of the UK, whereby the local auditing bodies operate within the national regulations framework. Ferry and Ahrens [24] reveal that the different administrative arrangements in England, Wales, Scotland and Northern Ireland affect the enforcement of audit rules. Their study reveals that the harmonization of independent oversight bodies with definite legal duties increases the responsibility in the mismanagement of finances. A similarly designed, but locally adjusted model, balancing autonomy and enforceability could be of use to Ghana.

A wider global outlook as discussed by Ferry *et al.* [25] implicates that supreme audit institutions (SAIs) that have constitutional support and legal provisions are more likely to have more effective audit findings and results in financial recoveries and penal measures. Conversely, the Auditor-General of Ghana, despite being entrenched in the constitution, is usually hampered in his work by political and institutional considerations. A contrasting case of South Africa is interesting, where the Auditor-General has the power to issue corrective measures that are legally binding—a strategy that Ghana could use to enhance enforcement. Rossi *et al.* [29] have studied that audit standardization among different regions contributes to high audit reliability and enforceability. Their conclusions support the codification of the audit practice and the effective performance assessment. Implementation of uniform guidelines and alignment of the local audit practice with national standards may be very beneficial to the disallowance system in Ghana.

Another dimension of importance is audit quality. According to Caruana and Kowalczyk [2], the core of effective public audits is professionalism of the auditors, their independence, and clarity of the procedures. Those countries which focus on continuous training and eliminate politics in the appointment of auditors are associated with better results in governance. To improve the quality of surcharge regime, Ghana can make use of professional capacity building and protect audit institutions against politics.

There is also the important role of performance auditing. According to Rana *et al.* [4], such jurisdictions as Canada, Denmark, and the UK rely on performance-based audit models to determine progress in achieving strategic objectives of public expenditures. Such audits, instead of just naming infractions, lead the way toward policy enhancements. Planning and resource allocation in Ghana could be

boosted by incorporation of such a futuristic approach into the surcharge mechanisms.

The credibility of institutions also counts. The authors of this article established that audit institutions that are seen to be neutral and technically competent enjoy more trust among the people (Hazgui and Triantafillou [28]). Transparency in audit communication induces compliance among the public officials in the countries, such as Denmark and Canada. Enhancement of publicity by the Audit Service of Ghana may boost the acceptability and openness of surcharge procedures.

The benchmarking of such practices exposes the current weaknesses in Ghana. A significant gap can be seen between the audit findings and prosecution. Mattei *et al.* [3] documented that those jurisdictions characterized by well-developed cooperation between auditors and law organizations mitigate such delay, and thus enforcement becomes more effective.

In addition, as demonstrated by Barrados and Lonsdale [21], a better way to implement the audit recommendations can be achieved by integrating audit system with evaluation tools which Ghana is yet to fully develop. The enforcement lag in Ghana enables certain officials to escape without punishment. For instance, in 2018, on constitutional and statutory grounds, the Office of the Auditor-General of Ghana issued a surcharge certificate against a Senior Accountant of National Sports Authority (NSA). This followed the findings in the report of the Auditor-General which indicated that the accountant had approved unaccounted withdrawals of GHS 1.5 million equivalent under the Internally Generated Funds (IGF) of the Authority. It failed to comply with the public financial management regulations as its withdrawals had neither a proper documentation nor approval procedures. Legal footing of the surcharge measure is also applied on Article 187(7) (b) of the 1992 Constitution of Ghana and Section 17 of the Audit Service Act, 2000 (Act 584). These powers give the Auditor-General the ability to disallow any expenditure that is against the law and to surcharge the same on the person who has the obligation to the expenditure. The Supreme court also re-established this power through the landmark case *Occupy Ghana v. FK Attorney General* (2017), which concluded that the Auditor-General should not only be able to find irregularities but should also initiate action of reclaiming on the behalf of the state.

After expiration of the appeal period, the auditor general started recovery procedures for the seizure of assets or other enforcement as allowed by the Ghanaian legislation. Due to such enforcement measures, part of the amounts misappropriated was settled by the accountant. Disciplinary measures were also launched after the case and more people became aware of the imperative necessity to adhere to the rules of financial management of the state. This case is of particular relevance because it shows operationalization of the powers of surcharge and disallowance of the Auditor-General in Ghana. The case also presents the value of institutional independence and legal authority relating to accountability in the public sector.

Figure 1 presents a conceptual diagram linking authority, enforcement capacity, political influence and audit outcomes.

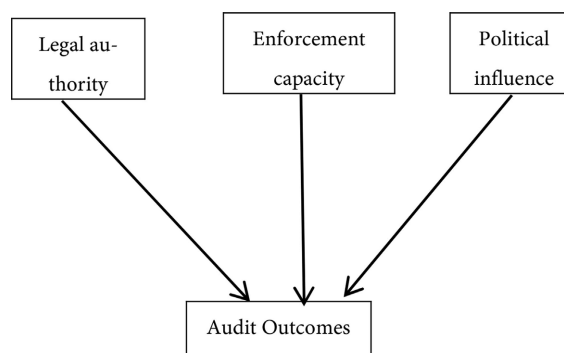


Figure 1. Conceptual diagram linking legal authority, enforcement capacity, political influence and audit outcome.

Cordery and Hay [5], and Hay and Cordery [30], emphasise that successful audit reform must focus on balancing the institutional independence with strong accountability frameworks. They support changes in laws that should transform with differing governance needs. In the case of Ghana, it is periodically revising the law that guides surcharge and disallowance to incorporate the international standards and best practices.

Finally, the experience of other countries shows that to be really efficient, a system of surcharges and disallowances should be based on the solid legal foundation, institutional autonomy, built-in enforcement and performance measures. Adjusting approaches, including making audit results enforceable, using national uniform standards, improved communication with the people, and coordination among agencies, would be of great help in capacity building in Ghana as far as making sure that there is accountability in the use of public finances is concerned.

3.5. Summary of Findings

The systematic literature review examined 37 peer-reviewed articles published between 2020 and 2025. These comprised various study types, including empirical case analyses, comparative conceptual papers, thematic and policy reviews, and a few meta-analytical reviews. The findings were synthesized thematically, focusing on critical dimensions such as enforcement frameworks, institutional and legal design, audit quality, auditor independence, public confidence, and how audit outcomes are integrated into broader public financial management systems.

The analysis highlighted that countries with clearly articulated legal mandates, well-resourced and autonomous audit institutions, and consistent audit practices tend to achieve stronger outcomes in accountability and financial recovery. Examples from the UK and South Africa underscore how legally binding audit outcomes and clear sanctioning processes improve audit enforcement—contrasting with Ghana, where enforcement is often weakened by political influence and structural delays.

While Ghana's Auditor-General benefits from constitutional legitimacy, enforcement effectiveness is limited compared to systems in Kenya, which have ad-

vanced reforms to safeguard auditor autonomy and enhance legal redress. Moreover, countries like Canada and Denmark apply performance auditing frameworks that go beyond financial checks, emphasizing whether public spending meets strategic objectives—an area where Ghana’s system still lacks depth.

Despite these insights, several gaps emerged. Many studies reviewed focused on general audit effectiveness and did not explore surcharge and disallowance mechanisms in depth. Research was also concentrated in high-income countries, leaving limited evidence from lower-income settings like Ghana, which face unique institutional and political challenges. Furthermore, the use of secondary data in most studies may not fully reflect recent or ongoing reforms, potentially limiting relevance.

The findings point to several implications for policy and practice. Strengthening Ghana’s surcharge and disallowance framework may require adopting enforceable audit outcomes, improving institutional coordination, and increasing public transparency. Shifting from reactive sanctions to proactive, performance-driven audits—as seen in some jurisdictions—could also enhance long-term accountability. Moreover, harmonizing audit standards across local governments would likely improve audit consistency nationwide.

Future research should explore long-term outcomes of surcharge enforcement, investigate how independence holds during political transitions, and assess public trust in audit institutions. There is also a need for Ghana-specific empirical studies that examine how audit findings influence real policy or budgetary decisions.

While this review offers a comprehensive synthesis, it is not without limitations. Relying solely on academic publications may exclude relevant grey literature, internal audit reports, or evolving regulatory reforms. To enrich future inquiry, researchers should adopt mixed methods, incorporating interviews with audit professionals, policymakers, and civil society stakeholders to gain practical insights into the functioning and impact of public audit mechanisms in Ghana and similar contexts.

4. Conclusion and Recommendations

The study employs a systematic review of international literature on surcharge and disallowance regimes in public sector auditing with the view of using the experiences of other countries including the United Kingdom, South Africa, Kenya, Canada and some countries in Europe as a guide to possible reforms in Ghana. Thirty-seven peer-reviewed articles of 2020-2025 were reviewed. Their results were uniform in demonstrating that accountability, financial compensation, and prevention of irregularities appear to be more effective in jurisdictions that have robust legal support, autonomous and well-funded audit organizations and harmonious enforcement systems. Conversely, the current framework in Ghana although enshrined in the constitution has weaknesses in the form of delays in implementation, political interference and poor institutional layouts.

The value of the study is that it is thematically integrated with global practices

and presents useful policy direction and theoretical contribution towards strengthening audit enforcement regime in Ghana. It addresses a major gap in the literature by focusing on enforcement—an area that is usually underrepresented in the bigger studies on audit effectiveness.

Some important policy implications are brought about by the reviewed evidence. The remedial powers of the Auditor-General should be made legally binding, auditing and legal bodies should be better coordinated, and finally the audit procedure should be standardized across the country, bringing the system to a stronger state. Moreover, the introduction of performance-based testing into the audit reviews, as well as the enhancement of transparency and publicity might establish the credibility and support the legitimate character of the audit findings.

Future studies are suggested to evaluate the implications of surcharge systems over a longer period, the stability of audit independence in a case of political transitions, and the beliefs of the population concerning audit legitimacy. Further case studies on a country-specific basis (particularly in the low- and middle-income economies) are required to make the international practices more contextual and acceptable. Mixed-method studies on the main stakeholders in the process, including auditors, policymakers, and civil society would help to increase knowledge on the way in which the audit results are put into practical policy and financial choices.

To sum up, improving the surcharge and disallowance regime in Ghana, legal changes are needed, as well as the reorganization of institutions, explained by international experience and rooted in local realities. This review lays a strong basis for future reforms in addition to pointing towards the directions of both empirical research and policy formulation.

Conflicts of Interest

The authors declare no conflicts of interest.

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