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FOR IMMEDIATE RELEASE

THE NEED FOR SML'S SERVICES CONFIRMED

INTRODUCTION

On January 2nd, 2024, the Presidency appointed KPMG, an Audit, Tax, and Advisory Services firm, to conduct an immediate audit of the FULL RISK-REWARD PARTNERSHIP AGREEMENT between the Ghana Revenue Authority (GRA) and Strategic Mobilization Ghana Ltd (SML).

The original agreement targeted revenue leakages in the downstream petroleum sector. However, due to the success of the original rollout, the performance-driven agreement was later expanded to include the upstream petroleum and minerals sector.

SML is in receipt of the press release issued by the Office of the President's Director of Communications, dated 24th April 2024. The press release accepts the findings and recommendations of the KPMG report on the PERFORMANCE-DRIVEN RELATIONSHIP between GRA and SML.

After much consideration, SML would like to put the following statement on record:

1. ALLEGATIONS OF IMPROPRIETY

The KPMG report debunks the false claim of $100 million paid to SML and refutes the 10-year contract claim made by Manasseh Azure Awuni and the Fourth Estate.

However, SML likes to point out that KPMG's finding, which suggests that fees estimated to be paid under the 5-year consolidated contract average about GH¢1 billion per year is false.

2. THE NEED FOR SML'S SERVICES AFFIRMED

KPMG confirmed the importance of the upstream and minerals agreements. SML further observes that a comprehensive needs assessment in those sectors was previously conducted, which supports KPMG's findings that revenue assurance audit services are needed in that sector.

3. NEEDS ASSESSMENT CRITERIA

SML disagree with the findings that a need assessment was not done before SML commenced operations.

4. **AWARD OF 2023 CONSOLIDATED CONTRACT**
   The award of the PERFORMANCE-DRIVEN CONTRACT was in full compliance with the Public Procurement Act (Act 663), as amended.

5. **TRANSACTION AUDIT & EXTERNAL PRICE VERIFICATION AGREEMENT**
   SML disagrees with the findings of the Transaction Audit and External Price Verification Agreements.

6. **BELOW-PAR DELIVERY ON CONTRACT**
   SML rejects KPMG's assertion that it partially delivered on several requirements regarding the Transaction Audit Service Agreement.

   Regarding the transaction audit services, SML delivered fully on its obligations as outlined in the contract. SML's productive performance was the basis for subsequent recommendation and awarding of the downstream petroleum audit contract. The Transaction Audit contract includes provisions for monitoring and evaluation services as well as a value-for-money assessment, both of which were diligently adhered to by the GRA and SML.

   SML observes that KPMG makes similar findings regarding External Price Verification Services. SML rejects KPMG's observation that ICUMS has inbuilt capabilities for External Price Verification.

   SML is an independent assurance audit firm contracted to audit ICUMS, assess the customs at CTSB (Customs Technical Service Bureau) on classification and valuation, and audit the values accordingly. ICUMS cannot audit its operations. SML services provide extra oversight when it comes to classification and valuation.

7. **SML PERFORMANCE ASSESSMENT**
   SML notes that KPMG **confirmed** that due to the implementation of the downstream petroleum audit agreement, there were qualitative benefits, including "a 24/7 electronic real-time monitoring of the outflow and partial monitoring of inflows of petroleum products at depots where SML had installed flowmeters".

   KPMG also **confirmed** that other important benefits from the SML technology, including a deterrent for under-declarations and several levels of reconciliation and validation, **prevented** revenue losses to GRA.

8. **REALIZED PETROLEUM VOLUMES AND THE TAX REVENUE**
   SML disagrees with KPMG's findings regarding the realised petroleum volumes and the tax revenue realised as a result of the compliance tools that led to increased volumes. During the audit, KPMG used NPAs / ESLA Volumes to evaluate the performance of the downstream petroleum to determine GRA tax revenue.

SML strongly contended in writing to KPMG during its audit that NPAs / ESLA's Volumes are Lifting or Trading Volumes but not GRA Taxable Volumes. SML further contended that NPAs / ESLA Volumes cannot be used for performance computation.

SML, together with the GRA, submitted to KPMG that the taxable volumes are properly evident in the Bank of Ghana's petroleum tax revenue receipts in its Petroleum Holding Accounts.

SML supervision within the sector showed a drastic monthly average increase of **207,885,058** to **450,175,163** in taxable volumes for the periods January to December 2019 and May 2020 to April 2021, respectively. This translates into 10,308,536,872 in excess gained volumes and excess revenue of **GH¢14,844,293,095**. This significant increase in monthly average taxable volumes of **450 million** litre has been sustained over the past 3 years of SML's deployment.

KPMG's reliance on incorrect data inevitably steers them towards inaccurate conclusions.

9. MISLEADING REPRESENTATION OF COMPENSATION AND PRICING

KPMG quotes a figure as compensation to SML. It is interesting to note that this figure is quoted without reference to the investments made and the taxes paid by SML over the period within the consolidated contract.

The compensation of GH¢1,061,054,778.00 stated by KPMG is inaccurate.

SML finds that KPMG's failure to state GRA taxes of 31.5% taken before payment, interest payments of 32% plus the investment repayment made by SML, and other taxes/duties over the period creates a very unbalanced impression of the relationship between the compensation and the investment and other related costs. This omission is highly misleading.

10. THE KPMG's REPORT EXONERATES SML AND CONFIRMS THE NEED FOR THE COMPANY'S PROVEN SERVICES

Despite the misleading information propagated by Manasseh Azure Awuni and the Fourth Estate, it is important to note that the independent report from KPMG, while containing some disputed and inaccurate statements, unequivocally confirms the following:

a. There's no 10-year contract.
b. 100 million dollars was not paid to SML.
c. There is no duplication of work with respect to the work of the National Petroleum Authority (NPA).
d. The GRA awarded the 2023 consolidated contract to SML following due process.
e. SML has a risk-reward performance-based contract, which SML fully finances without a "pesewa" of government's money.

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CONCLUSION

THE GHANA WE DESIRE IS IN OUR OWN HANDS

SML is fully committed and confident in its efforts to ethically contribute to building a better Ghana for present and future generations while adhering to high ethical standards. We have instructed our lawyers to examine some of KPMG's professional misjudgments and their extension into the other unfavourable positions of the government.

In the final analysis, it is ennobling that both KPMG and the government did not jettison this Ghanaian undertaken of high international standards in the plugging of revenue loopholes for national development.

Yaa Serwaa Sarpong
Director of Support Services
Strategic Mobilisation Ghana Limited