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1. Background

1.1 Introduction

In pursuance of Section 160(1) (c) of the Constitution of the Republic of The Gambia, I conducted an audit of the financial statements of the Government of The Gambia for the financial year ended 31 December 2016.

1.2 Audit objectives

The overall objectives of this audit were to:

- gain assurance that the financial statements fairly present the state of affairs of the Government of The Gambia, in accordance with the Public Finance Act 2014 and Financial Regulations, for the year ended 31 December 2016;
- determine whether, in all material respects, the expenditure and income have been applied for the purposes intended by the National Assembly; and
- whether the financial transactions conform to the regulations which govern them.

1.3 Methodology

We conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organisation of Supreme Audit Institutions (INTOSAI). An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements.

It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

We planned and performed the audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other irregularity and whether, in all material respects, the expenditure and income have been applied for the purposes intended by the National Assembly.

As part of this audit we held discussions with the Ministry of Finance and Economic Affairs (MoFEA), the Accountant General and his staff, and with staff at other Ministries and Departments. We also had contact with the Central Bank of The Gambia, Commercial Banks and officials of the Gambia Revenue Authority.

1.4 Scope

This audit exercise examined transactions undertaken during the period 1 January 2016 to 31 December 2016 and balances held as at 31 December 2016.

2. Conclusion

There is need to significantly improve controls in the accounting system. The Public Finance Act and Cash Basis International Public Sector Accounting Standards (IPSAS) also need to be fully applied.

The introduction of an Integrated Financial Management Information System (IFMIS) in 2007 led to significant improvements in the quality of financial statements produced over the years. However, as users began to gain comfort in the use of Epicor7, the system was upgraded to Epicor9 in 2013 without adequate study.

The main idea touted as the reason for upgrading the system to Epicor 9 was that the system will be web-based providing easy access to users anywhere. Four years down the line, we are still struggling to achieve our objective.

The Accountant General's Department is facing challenges in implementing the system. This is manifested in users of the system expressing varying levels of dissatisfaction with the system. There have been instances where Government business was delayed due largely to the shortcomings of the system.

Therefore, urgent action is needed by the Accountant General's Department to resolve the problems quickly. Otherwise, the gains made with Epicor 7, may be reversed. That would be a very unfortunate development considering the significant improvements to the accounting system and the amount of money spent on the procurement of IFMIS.

Detailed findings are presented in Section 3 of this report. For each finding we have detailed the implication, recommendation and a priority ranking of **high**, **medium** or **low**. The priority ranking represents the level of urgency attached to each finding and should be addressed as follows:

High	This matter should be addressed immediately
Medium	This matter should be addressed as soon as is practicable and, within the financial year
Low	This matter should be addressed

The number of findings in each category has been summarised below.

Priority	Number of Findings
High	78
Medium	9

3.0 Detailed findings

3.1 Expenditure

3.1.1 Un-presented payment vouchers

Finding

Further to section 6, 4 (o) of the Public Finance Act describing the duties of the Accountant General relative to the maintenance of accounting records, section 26 (52) of the Financial Regulations stipulates that *“The Accountant General shall file the original and scanned copies of the payment vouchers and supporting documents in numerical order by month and year, for audit and other inspection purposes”*.

We noted that 124 payment vouchers amounting to D177, 694,027.51 were not presented for audit.

Implication

Payment vouchers not presented for audit verification cast doubt on the genuineness of the payments and therefore could not be accepted as charges to the Consolidated Fund.

Priority

High

Recommendation

The Accountant General's Department should ensure that these payment vouchers are presented for inspection without delay.

Management response

Out of the 124 un-presented payment vouchers valued at D177, 694,027.51, only 12 vouchers are outstanding amounting to D898, 849.50.

Auditor's comment

Review of payment vouchers provided revealed that, out of the 124 un-presented vouchers, 5 payment vouchers totalling D184, 350 are still outstanding. Details are shown below:

Date	GFS	Description	PV Number	Amount D
16-12-16	221404	Maintenance of Equipment	01PV011176	92,000.00
22-03-16	221101	Travel Expenses	20PV005529	39,000.00
06/08/2016	221101	Travel Expenses	20PV005915	35,750.00
28-06-16	221202	Electricity ,Water & Sewage	20PV006070	10,000.00

19-12-16	221401	Maintenance of Buildings and Facilities	20PV007252	7,600.00
Total				184,350.00

3.1.2 Payment without adequate supporting documents

Finding

Section 26 (21) of the Financial Regulations stipulates that *“Payment vouchers shall be accompanied by the appropriate supporting documents which may include original invoices, time pay sheets, and local purchase orders”*.

We noted that payments totaling **D201, 069,487.24** were made without adequate supporting documents attached in contravention to the above provisions of the Financial Regulations. Details are provided in **appendix a**

Implication

Payments without supporting documents cannot be accepted as genuine disbursements.

This is indicative of internal control weaknesses which could lead to fraud and other irregularities.

Priority

High

Recommendation

Management should produce the relevant supporting documents; otherwise recover the amounts from the responsible officers.

In future, all payments made should be accompanied by relevant supporting documents.

Management response

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
30/8/16	Being payment for the purchase of cash power unit for the Cuban doctors	NAWEC	21PV004363	75,000.00	No receipt attached or cash power token paper attached	
22/03/16	Being payment of arrears settlement to NAWEC owed to GNPC being HFO supplied through the ITFC facility	NAWEC	15pv000070	89,931,936.74	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
05/11/16	Being a second quarterly installment payment to MA Kharafi and sons	MA KHARAFI AND SONS COMPANY	15pv000076	35,731,666.36	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
03/04/16	sea food supplied to the defence headquarters and holigam	Camara Trading Enterprise	07pv004735	118,908.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
20/01/16	Bags of rice and other items supplied to the Gambia Armed forces	A&K SUPPLIERS	07PV004526	130,680.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
27/01/16	Being payment of platinum tables for fund raising IFO JFP	Jammeh Foundation for peace	01pv007703	200,000.00	No receipt attached for the payment	This is a bank transfer, the payment is bank to bank
27/06/16	Being payment for the cost of training fees in office management and effective administrative skills	MDI	01pv009257	472,000.00	No receipt attached for the payment or list of staffs benefiting from the training	This is a bank transfer, the payment is bank to bank
31/10/16	Payment of cost of training on behalf of Isato Auber Faal and Rohey Bittaye Darboe each D75,000	MDI	01pv010581	150,000.00	No receipt attached for the payment	This is a bank transfer, the payment is bank to bank
24/02/16	Being payment for the cost fuel coupons for the month of January 2016	GNPC	17pv002930	100,000.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
03/10/16	Being purchase of electricity units for the month of March 2016	NAWEC	18pv001435	100,000.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
14/6/16	Being payment of land	Amadou Manneh	18pv001587	160,000.00	No valuation report attached on the payment voucher	The valuation report is attached to the

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
	compensation for the kombo coastal road project				to support the payment	payment voucher
14/6/16	Being payment of land compensation for the kombo coastal road project	Momodu Demba	18pv001588	160,000.00	No valuation report attached on the payment voucher to support the payment	The valuation report is attached to the payment voucher
20/11/16	Three day workshop on development of internal audit directorate 2017 to 2021 Strategic plan	Sindola safari lodge LTD	12pv009660	255,160.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
20/7/16	Kgs of meat supplied to 1 infantry battalion (1BN)	Samba Bah's Butchering shop	07pv005615	377,100.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
05/05/16	Hard ration supplied for the feeding of the Gambia arm forces engineers working at kanfenda	Al Manara Shop	07pv005121	423,002.50	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
12/08/16	Split unit AC 12000 BTU, Split unit 24000 BTU chest freezer for the state guard orderly room	ARCOLL EY'S ENTERPRISE	01pv011056	118,440.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
26/04/16	Stationery supplied to the Defence headquarters orderly room	G ventures	07pv005079	162,000.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
20/1/16	Being cost of beans supplied to Gambia Armed Forces	Mrs Kannie Cesay	07PV004525	33,048.00	No receipt attached and no signature on the payment voucher	
14/1/16	Cost of detergent powder, mosquito	Darourah man Trading	07PV004460	390,600.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
	nets and soft blankets supplied to GAMCOY 19 to be deployed to Darfur.					
14/1/16	Cost of playing cards, scrabble, and ludo supplied to GAMCOY 19 to be deployed to Darfur, Sudan	Darourah man Trading	07PV004462	24, 120.00	No receipt attached and no signature on the payment voucher	
6/8/16	Settlement of Air tickets for Hon. Ministers Neneh Macdual, Baboucarr Jobarteh, Habib Jarra and Lamin Fadera	Satguru Travel and Tour Services	10PV003528	615, 978.84	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
5/12/16	being payment of bleach liquid, omo, air freshner etc	Microtech Consulting	02pv002509	194,850.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
9/5/16	Being payment of packed food	Fatou INN'S	02pv001934	108,675.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
22/03/16	Being payment of asorbee materials and sewing price	Leuna General Trading	02pv001839	248,177.47	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
2/6/16	Being payment of air ticket IFO Hon Fabakary T Jatta and Hon Bintanding Jatta	Easy way travel and tours company LTD	02pv002158	174,967.00	No receipt attached and no signature on the payment voucher	This is a bank transfer, the payment is bank to bank
13/07/16	Being payment of \$901068.53 IFO Entrance Pharmaceutical for the	Entrance pharmaceutical and research centre	21pv004131	39,262,068.53	No contract agreement attached or receipts and invoices	The contract is attached to the payment. This is a bank transfer, the

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
	supply of pharmaceutical and medical items					payment is bank to bank
24/03/16	Being 30% advance payment for the construction of Sting Corner Road in favour of Arezki SA.	National Road Authority	18PV001478	31,798,876.80	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contactors. Iii) No justification for the selection of the chosen contactor iv) no contract committee's evaluation report.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level
20/01/16	Being part payment against IPC 1 for the construction of SotumaSireh - Gambisara Road project in favour of Arezki SA	National Road Authority	18PV001374	20, 000, 000	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contactors. Iii) No justification for the selection of the chosen contactor iv) no contract committee's evaluation report. v) Notification of unsuccessful bidders not provided.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level
26/10/16	Payment of renovation and rehabilitation of regional agricultural directorates and residence Jenoi	SillaKunda and Family Enterprise	17PV004003	556, 044.75	The contract was awarded based on No objection. The basis for the No Objection was not provided	The basis of the No Objection should not part of the supporting documents for the voucher this is the responsibility of GPPA
17/11/16	Being cost of five (5) double carbin pick-up and (1) T station wagon	C.F.A.O Motors (Gambia Ltd)	23PV003599	9, 505, 350.00	The procurement was awarded based on No objection. The basis for the No Objection was not provided.	The basis of the No Objection should not part of the supporting documents for

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
						the voucher this is the responsibility of GPPA
22/8/16	Being part payment for interim certificate (IPC) No. in favour of Arezki SA for the construction of Sting Corner Road	National Road Authority	18PV001704	10, 000,000.00	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contactors. lii) No justification for the selection of the chosen contactor iv) no contract committee's evaluation report.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level
14/9/16	Being advance payment for certificate 001 in favour of Arezki SA for the construction of Sukuta - Jambanjelly Road.	National Road Authority	18PV001734	12, 263,922.50	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contactors. lii) No justification for the selection of the chosen contactor iv) no contract committee's evaluation report.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level
31/3/16	Payment of 10% completion of metal water tank and plumbing at Headquarter (Fabrication and erection of A 6000 litres metal framed structure with concrete base and a borehole pump & pipe distribution system for DOA head quarters	LAT JORR TRADING	17PV002793	90, 780.00	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contactors. lii) No justification for the selection of the chosen contactor iv) no contract committee's evaluation report. vi) No copy of GPPA certificate of registration attached.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level

Date	Details	Payee	Pv NO	Amount	Remarks	MANAGEMENT RESPONSE
	costing D907, 800.00)					
15/2/16	Being advance payment of 25% of the contract amount for the construction of road linking Choya to Jalakoto access road.	Gai Enterprise	17PV002880	10, 164,099.83	The procurement is without the following: i) There is no advert to the general public for the availability of the contract ii) No evidence of bidding from competitive contractors. Iii) No justification for the selection of the chosen contractor iv) no contract committee's evaluation report. vi) No copy of GPPA certificate of registration attached.	These are not part of the payment supporting documents, they are retained by the procurement officer at the ministry level
8/6/16	Settlement of air tickets for Hon. Neneh Macdual, Bubacarr Jobarteh, Habib Jarra and lamin Fadera	Satguru travel and tour service	10PV003528	615,978.84	Supplier's receipt not attached and the payment voucher was not signed by the recipient.	
Grand Total				201,069,487.24		

Auditor's Comment

There are still 17 payments amounting to D72, 252, 084.17 without adequate supporting documents attached. Details are found in **revised appendix a**.

3.1.3 Fund transfer on directives

Finding

Section 20 (2) of the Public Finance Act stipulates that *“A government bank account shall be opened only with the authority of the Accountant General”; and*

Section 20 (4) further stipulates that *“The Accountant General shall, at the close of each financial year, supply the Auditor General with a list of all government bank accounts, open and in operation at any time during that financial year”.*

We noted instances where funds totalling D40, 000,000.00 were transferred from Treasury Main Account (TMA) to other bank accounts based on the directives issued by the office of the President. We are very concerned that details of these bank accounts were not provided to the Auditor General as stipulated in the Act.

Neither the Accountant General's Department nor the Ministry of Finance could provide us with any documentary evidence or explanation as to the purpose of the opening of these accounts and the subsequent transfer of funds. Details are shown below:

Date	Details	Pv NO	Bank	Amount
20/07/16	Payment for transfer of fund to mobilisation account at Gtbank Account no 1546753110 and Bban no 0051011055	01pv009466	GT Bank	22,000,000.00
17/05/16	Payment for transfer of fund to security account at central bank Account no 1101003565	01pv008879	Central Bank	18,000,000.00
Total				40, 000,000.00

Implication

There is a high risk of misappropriation of funds.

These funds could have been used for personal purposes leading to significant loss of public funds.

Priority

High

Recommendation

Documentary evidence should be provided as to why these transfers were made and for what purpose(s) or the amount reimbursed.

Management response

These accounts were not opened during the year under review (2016). They were opened earlier.

Auditor's Comment

The response did not address the issue of failing to inform the Auditor General about bank accounts. Documentary evidence or explanation relating to the opening of and purpose of these accounts and the subsequent transfer of funds remained outstanding up to the time of finalising this management letter.

3.1.4 Settlement of Un-confirmed arrears

Finding

Review of payment vouchers and discussion with officials revealed settlement of arrears totalling D109, 864,846.27 in respect of Office of the President for the purchases of motor vehicles from TK Motors and supply of fuel by GNPC.

We could not confirm the total amount owed nor could we confirm how much was paid and the outstanding balance as there was no evidence of reconciliation between suppliers' statement and the records of arrears maintained by the Ministry of Finance (MoFEA). We have sent confirmations to both GNPC and TK Motors in respect of government arrears but no response was received up the time of finalising this report.

Details are shown in the table below.

Date	Details	Suppliers' Name	PV No	Arrears paid (D)
24-Feb-16	Part payment of TK Motors arrears of vehicle being supplied to office of the president	T.K MOTORS	01pv008057	10,000,000.00
02- Feb - 16	Part payment of outstanding bills of fuel being supplied to state house	GNPC	01pv007783	60,000,000.00
11-May-16	Payment for the supply of fuel	GNPC	01pv008753	39,864,846.27
Total				109,864,846.27

We also received third party confirmation in respect of liabilities owed by government to the following companies as at 31 December 2016. These balances could not be confirmed by the audit team as MoFEA could not provide payment request received and payments made to the companies for our review. Details are shown below.

Date	Details	Company	Outstanding Balance	
			USD	GMD
31/12/16	Contract of Public Works	MA Kharafi & Sons	47,015,350.76	
31/12/16	Supply of fuel to state house	Euro African Group Ltd		1,953,820.00

Implication

There is a risk of overpayment to service providers and suppliers if reconciliation is not carried out between them and government.

Priority

High

Recommendation

We request management to investigate and establish the actual arrears between government and these service providers and suppliers. The result of this exercise should be provided to the auditors for review and confirmation.

Management should stop these payments until a comprehensive reconciliation exercise is carried out and the amounts established.

Management should also endeavour to carryout regular reconciliation between supplier's invoice and record of arrears maintained by Accountant General's Department.

Management response

Management is taking necessary measures to address this matter.

Auditor's Comment

The issue remained outstanding up to the time of finalising this management letter.

3.2 Financial Instrument

3.2.1 Non-Disclosure of financial instruments in the financial statements

Finding

We noted that payment totalling D23, 495,005.59 in respect of purchase of financial instruments were not disclosed in the financial statements. Details are shown below:

Date	GFS	Description	Document No.	Payee	D
8/1/2016	282210	Other Equity Participation	12PV008036	IV:688/16ISLAMIC DEVELOPMENT BANK	3,218,963.00
22/6/2016	282210	Other Equity Participation	12PV007766	IV:VN0000071African Development Bank	20,276,042.59
Total					23,495,005.59

Implication

There is a risk that figures disclosed in the financial statements were in complete leading to misstatement in the financial statements.

Priority

High

Recommendation

We request management to adjust the financial instrument balances in the revised financial statements.

Management response

Financial Instruments will be disclosed in the Revised Financial Statements.

Auditor's Comment

We have confirmed that this is appropriately disclosed in the revised financial statements.

3.2.2 Inappropriate recognition of financial instruments

Finding

The accounting policies described financial instruments as investments and their purchases and sales are recognised at the date when payments are effected or when proceeds are received and are disclosed in the financial statements at historical cost.

We noted that the following payments totalling **D23, 495,005.59** in respect of subscription to donor organisations were wrongly classified as purchase of financial instruments. This recognition is inconsistent with the disclosures in the accounting policies. Details are shown in the table below:

Date	Details	Account Description	Payee	PV no.	D
22/06/16	Payment of the fifth instalment under GCI-VI as Gambia's subscription to ADB.	Other Equity participation	African Development Bank	12PV007766	20, 276, 042.59
01/08/16	Being a payment of 2 nd instalment of 50% cash callable portion of the 4 th general capital increase (GCI) of the Islamic Development Bank.	Other Equity participation	Islamic Development Bank	12PV0008036	3, 218, 963.00
Total					23, 495,005.59

Implication

The actual balance of purchase of financial instrument in the financial statement is misstated.

Priority

Medium

Recommendation

We recommend that these payments be correctly classified.

Explanation should be made as to why these payments were classified as purchase of financial instrument.

Management response

The amount of D23, 495,005.59 classified as financial instruments is correct in that the amounts relate to purchase of shares at ADB and IDB, which qualify to be classified as other equity participation.

3.2.3 Non-disclosure of dividend on shares acquired in BSIC Group

Finding

Part 2 IPSAS requires a separate disclosure of cash flows from interest and dividends received in respect of government investments. It also requires that where such disclosures are made they should be classified in a consistent manner from period to period as operating, investing or financing activities.

Our review of the financial statements revealed that government has subscribed for shares in BSIC group but we were not provided with share certificates to confirm the acquisition of shares. There was also no evidence to show that dividend was received and disclosed in the financial statements.

Implication

There is a risk that government total income from BSIC group is misstated.

Priority

High

Recommendation

Management should ensure that dividends received in respect of these shares are disclosed in the revised financial statements.

Management response

No disclosure on dividends was made because BSIC has not declared any dividends since GOTG acquired its shares.

With regards to share certificates, BSIC is being engaged to provide evidence of Government's acquisition of its shares.

Auditor's Comment

The share certificate remained outstanding up to the time of finalising this management letter.

3.2.4 Differences between current and prior year figures on arrears and Guarantees

Finding

During the review of documents, we noted material differences between current and prior year figures for which we sought explanation but was not provided up to the time of finalising this draft management letter. Details are provided below:

Description	Current Year GMD'000	Prior Year GMD'000'
Settlement of CSE Arrears	23,495	0
Settlement of Outstanding Confirmed Debt	409,038	10,000
Liquidation of Trust Bank Guarantee	0	1,000
Total cost of arrears and Guarantees	432,533	11,000

Implication

There is a risk that arrears and guarantees disclosed in the financial statements are misstated.

There is also a risk that Accountant General did not review the arrears and guarantees figures before it is approved by MoFEA.

Priority

Medium

Recommendation

We request that the Accountant General's Department provide explanation for the material differences between current year and prior year arrears and guarantees balances.

Management response

The amount of D23, 495,005.59 should be classified as other equity participation instead of Settlement of CSE Arrears, and this will be corrected in the revised Financial Statements.

The D409 million was as a result of more confirmed debts settled in 2016, and evidence of these payments is available for review.

Auditor's Comment

We have confirmed that D23, 495,005.59 was appropriately classified and disclosed in the revised financial statements.

In addition, we have also reviewed the documentation in respect of the confirmed debt amounting to D409 million and confirmed that it was settled in 2016.

3.2.5 Non submission of source documents for arrears and guarantees

Finding

We requested for the source documents of the arrears and guarantees figures disclosed in the financial statements but the documents remained outstanding up to the time of finalising this management letter.

We could not therefore, determine if the balances disclosed in the financial statements are accurate. Details are shown in the table below:

Description	Current Year GMD'000	Budget Current Year GMD'000'	Prior Year GMD'000'
Settlement of CSE Arrears	23,495	0	0
Settlement of Outstanding Confirmed Debt	409,038	0	10,000
Liquidation of Trust Bank Guarantee	0	0	1,000
Total Cost of Arrears and Guarantees	432,533	0	11,000

Implication

There is a risk that the amount disclosed as arrears and guarantees is misstated.

Priority

High

Recommendation

Accountant General's Department should provide the source documents of the arrears and guarantees for confirmation.

Management response

Source documents relating to the above payments are available for review.

Auditor's Comment

The source documents were provided and reviewed accordingly.

3.3 Revenue

3.3.1 Delay in banking

Finding

Section 55 (1) of the Financial Regulations stipulates that *“The total receipts of each day shall be banked or handed over to Sub- Treasury accounts officer the following day”*.

Examination of cash books against the deposit slips (paying-in-slips) revealed instances where revenues collected by some sectors are not timely deposited to the Central Bank of The Gambia contrary to Financial Regulation. Details are shown in **appendix b**.

Implication

There is a risk that the delay in making deposits will affect the cash flow position of government leading to late payment of commitments.

There is an increased risk that staff could borrow the money to themselves resulting to loss of revenue in the event that the loans are not recovered.

This is indicative of weak supervision over revenue management which could lead to fraud and other irregularities.

Priority

High

Recommendation

The Accountant General’s Department should liaise with relevant budget entities to ensure that revenue collections are timely banked.

Management response

An initiative to have all revenue payments directly to the commercial banks from January 2019 is currently being considered by AGD and its stakeholders. This will eliminate instances of delays in depositing collections at CBG.

3.3.2 Missing deposit slips (paying-in slips)

Finding

Examination of cash books against the IFMIS system generated receipts revealed that revenue collections totalling D63, 255.00 claimed to have been banked during the year have not been supported with deposit slips attached.

As a result, we could not confirm the lodgements to the Central Bank. Details are shown in **appendix c**.

Implication

In the absence of deposit slips, there is a risk that revenues collected were not banked but were misappropriated.

Priority

High

Recommendation

We recommend that the Accountant General's Department liaise with relevant budget entities to provide us with the missing deposit slips for our review.

In future, all lodgements made should be supported with deposit slips.

Management response

These deposit slips are available for your inspections at AGD.

Auditor's Comment

The deposit slips were not provided for our review up to the time of finalising this management letter.

3.3.3 Un-presented treasury receipts

Finding

During the audit, we noted that treasury receipts amounting to D142, 263.58 generated from the IFMIS system in respect of revenues collected and paid to the Consolidated Fund (CF) were not presented for review

As a result, we could not confirm if revenue collections were actually paid to Consolidated Fund.

Implication

In the absence of treasury receipts, there is a risk that collections could be misappropriated.

This is indicative of weaknesses in the internal controls which if not addressed could lead to fraud and other irregularities.

Priority

High

Recommendation

We recommend that management provide us with the missing receipts for review.

In the event that these receipts are not provided, the amounts involved should be recovered from responsible officials and details furnished to this office for verifications.

Management response

These receipts are available at Treasury Unit, AGD for your inspection. Further, receipts numbers 17FC000329, 19FC000076 and 19FC000112 are deemed to be un-presented; yet again they feature in the missing deposit slip table.

Auditor's Comment

We reviewed the treasury receipts provided and noted that 5 receipts totalling D16, 040.00 are still outstanding. Details are shown below:

Date	Description	Document No.	Amount
24-11-16	Miscellaneous Receipts	17FC000329	-2,000.00
17-02-16	Verification fees	19FC000076	-2,225.00
21-11-16	Verification fees	19FC000112	-10,135.00
11/1/2016	Miscellaneous Receipts	24FC000047	-840
2/2/2016	Miscellaneous Receipts	24FC000048	-840

Date	Description	Document No.	Amount
Total			-16,040.00

3.3.4 Un-presented invoices to support payment of permits

Finding

During the review of revenue documents at Department of Physical Planning, we noted that invoices totalling D12, 332.60 issued to customers for the payment of building and fencing permits were missing from the records. As a result, we could not confirm if the amounts shown on receipts reflect the true amounts stated on the invoice. Details are shown below:

Date	Details	Receipt no	Amount
24/02/16	Being payment of building permit IFO Haji Tunkara	16fc313402	8,000.00
01-05-16	Being payment of building permit IFO Sulayman Sallah	16fc012744	1,318.50
26/7/16	Payment of fencing permit IFO Gambia Tourism Board	16fc014633	350.00
22/06/16	Being payment of building permit IFO Sulayman Sallah	16fc014472	1,416.75
22/06/16	Being payment of building permit IFO Yusuf Dukureh	16fc014473	1,247.35
Total			12,332.60

Implication

There is a risk that revenue figure disclosed in the financial statements is misstated.

This is indicative of weak internal control which if not addressed could lead to irregularities.

Priority

High

Recommendation

We request management to provide the missing invoices for our review.

In future, management should ensure that invoices are properly filed and provided for audit inspection at the time of request.

Management response

The Department of Physical Planning was engaged to submit invoices for these payments and AGD will provide for your review once this is done.

Auditor's Comment

The invoices remained outstanding up to the time of finalising of this management letter.

3.3.5 System downtime at registrar general division

Finding

During our discussion with the cashier at the Registrar General's Division, we noted instances where the Integrated Financial Management Information System (IFMIS) experienced frequent system downtime.

The following issues were noted during this period:

Sometimes neither posting nor printing of receipts can be made by the cashier if the system goes down;

Manual receipts are not allowed unless instructions are received from the Accountant General's Department; and

Some customers usually leave their monies with the cashier without any receipt.

Implication

In the absence of minimum downtime, there will be delays in the entire business process on government revenue collection.

There is a risk of potential loss of revenue to government if customers cannot make payment due to system downtime.

Priority

High

Recommendation

The Ministry should liaise with Accountant General's Department to ensure that there is minimum system downtime for receipting revenue.

Management response

Downtimes experienced at the Registrar General's Department were due to faults with the Micro-base Station at the Cell Site (NAO). And also, the Battery Bank was not sufficient for all equipment in use at the time. These issues have both been resolved by replacing the Micro-base Station and the Battery Bank.

However, AGD did not receive any request to use the manual receipts.

3.3.6 No approved tariff for revenue streams

Finding

We noted revenue collections totalling **D70, 700.00** in respect of some revenue streams from Ministries and Departments. There is no approved tariff provided to confirm the fees charged for these revenue collections.

As a result, we could not confirm if the total fees collected from these revenue streams are based on the approved tariff. Details are found in **appendix d**.

Implication

There is a risk that revenue collected during the period is understated.

This is indicative of weak internal control over collections and management of revenue which could lead to fraud and other irregularities.

Priority

Medium

Recommendation

We recommend that the Accountant General's Department liaise with these Ministries and Departments to establish and provide documented tariff for these revenue streams.

Management response

A request was sent to all MDAs that collect revenue to provide AGD with certified rates and fees for all government services rendered by their respective offices. These will be provided for review when received

Auditor's Comment

The issue remained outstanding up to the time of finalising this management letter.

3.3.7 Understatement of revenue (Department of parks and Wildlife)

Finding

During the audit, we noted understatement of D150, 000.00 between entries in the cashbook and amounts shown on receipts for sports hunting fee. Details are shown on **appendix e1**.

Implication

There is a risk that the understated amounts are misappropriated.

There is a risk of weak internal control over the monitoring and supervision of revenue collection.

Priority

High

Recommendation

We request management to investigate these differences and furnish the results to this office for verification.

Management response

Management has asked the concerned staff to pay the difference.

Auditor's Comment

Evidence of recovery from the affected staff was not provided up to the time of finalising this management letter.

3.3.8 Delay in posting revenue collections in the IFMIS

Finding

During revenue testing at the Department of Parks and Wildlife, we noted a significant delay between the period of cash deposits to Central bank and postings to the IFMIS system. Revenue collections totalling D1,270,727.00 were only posted to the IFMIS system 6 months after deposits. Details are found in **appendix 2**.

Implication

The cash flow situation of the government will be distorted where revenue collected is not recognised in time.

There is a risk of weak internal control over the supervision of revenue collections.

There is a risk that revenue figure disclosed in the financial statements is misstated.

Priority

Medium

Recommendation

We request the Accountant General's Department to provide explanation for these significant delays between banking of revenue collections and postings to the IFMIS system.

We recommend that management should ensure that collections are receipted in the IFMIS system immediately deposits are made to the Central bank.

Management response

Management has noted this issue and refresher training has been provided to all staff to facilitate timely postings on IFMIS.

3.3.9 Unclear description of revenue codes in the extended trial balance

Finding

During the review of the extended trial balance, we noted that some revenue codes captured had no description. As a result, we could not determine the validity of these codes. Details are shown below:

Date	Code	D	Remark
Jan-16	114110	77,026,543.64	No description/ revenue class given in the ETB
Feb-16	114110	100,409,153.50	No description/ revenue class given in the ETB
Apr-16	114110	97,471,076.14	No description/ revenue class given in the ETB
May, 2016	114110	74,223,317.28	No description/ revenue class given in the ETB
June, 2016	114110	69,438,391.09	No description/ revenue class given in the ETB
Oct. 2016	114110	61,657,538.85	No description/ revenue class given in the ETB
Total		480,226,020.50	

Implication

There is a risk that these revenue codes were included in the extended trial balance in error thus leading to misclassification of codes.

There is risk of misstatement of the revenue figure disclosed in the financial statements.

Priority

High

Recommendation

We recommend that all codes included in the extended trial balance are supported with adequate description.

Management response

This matter will be resolved in the Revised Financial Statements.

Auditor's Comment

Descriptions in respect of the above codes were included in the revised financial statements and have been reviewed and confirmed to be adequate.

3.3.10 Misclassification of revenue codes

Finding

A review of the GRA's monthly submission reports of tax receivables for 2016 revealed that certain class of revenues amounting to D221,502,930.59 did not correspond with the GFS codes included in the Chart of Accounts resulting to misclassification of codes.

Details are shown in **appendix f**.

Implication

There is risk that the tax receivable figure is inaccurate leading to misstatement of total receivable amount disclosed in the financial statements.

Priority

High

Recommendation

We recommend the Accountant General's Department to update the GFS codes in respect of these revenue items in line with the Chart of Accounts.

Management response

GRA has been engaged on this matter and subsequent adjustments will be made to the relevant reports.

Auditor's Comments

This issue remained outstanding up to the time of finalising this management letter.

3.4 Cash and bank

3.4.1 Inappropriate recognition of accumulated deficit

Finding

We noted an accumulated cash deficit balance amounting to D13, 112,684 that was inappropriately recognised and charged as a surplus in the statement of financial position.

Implication

There is a risk that asset balance disclosed in the statement of financial position is misstated.

Priority

High

Recommendation

Management should ensure that necessary adjustments are done to correct the identified errors.

Management response

This issue has been resolved and necessary adjustments will be made in the Revised Financial Statements.

Auditor's Comment

We confirmed that the accumulated deficit has been appropriately recognised and adjusted in the revised financial statements. However, the balance of cash and cash equivalents (note 15) disclosed in the statement of financial position does not agree with year-end cash balance in the statement of cash receipts and payments. Details are shown in the table below:

	Balance on Statement of Cash receipt & Cash Payment	Balance on Statement of Financial Position	Difference
	D'000	D'000	D'000
Cash & Cash Equivalent	-7,819,035	-3,171,818	-4,647,217

3.4.2 Difference in end of year cash balance

Finding

We noted differences of D366, 041,939.23 between the year-end cash balance included in the statement of cash receipts and cash payment and the extended trial balance.

Details are shown below:

End of the Year Cash balance from statement of cash receipt and cash payment D	End of year cash balance from Extended trial balance D	Difference D
(4,407,656,000)	(4,041,614,060.77)	(366,041,939.23)

Implication

There is a risk that the total cash balances at the beginning of the period and at reporting date recognised as assets in the statement of financial position was materially misstated.

Priority

High

Recommendation

Management should investigate this difference and adjust the financial statements accordingly.

Evidence of any adjustment made should be provided to this office for verification.

Management response

This issue has been corrected and will be adjusted in the Revised Financial Statement.

Auditor's Comment

We have confirmed that the correction was made in the revised financial statements.

3.4.3 Unconfirmed dormant account balances

Finding

We noted that 205 dormant bank accounts claimed to have balances were closed during the period under review.

We requested for the reconciliation statements as well as the bank statements of these accounts to establish the balances before the closure of the accounts but no documentary evidence was made available to us. Details are found in **appendix g**.

Implication

There is a risk that no reconciliation was performed prior to the closure of these accounts.

There is a risk that balances held in these accounts were not transferred to the Consolidated Revenue Fund Account (CRF) leading to misstatement of overall bank balance.

Priority

High

Recommendation

Management should provide evidence that reconciliation exercise was performed on these accounts prior to their closure; and

Provide evidence that balances held in these dormant accounts were transferred to CRF.

Management response

The closure of the Dormant Bank Accounts was based on the GOTG Trial Balance provided by the Central Bank as at 7th February 2018. This Trial Balance is available for your review.

Auditor's Comment

The reconciliation and supporting bank statements required to establish actual balances held in these accounts prior to closure and movement of funds to the CRF were not provided.

3.4.4 Differences between Note 15 (Cash and Cash Equivalent) and General Ledger

Finding

We noted difference of D43, 987,000.00 between the general ledger balance and the balances disclosed under Note 15 for the following bank accounts. Details are shown below:

Description of Cash/Bank Accounts	General Ledger Balance	Note 15	Difference between GL & Note 15
	D '000	D'000	D'000
321104 Special Project	532,980	571,554	(38,574)
321147 Judiciary Special Project	(272)	5,168	(5,440)
Total			(43,987)

Implication

There is a risk that account balances disclosed in Note 15 are inaccurate thus misleading the users of the financial statements.

There is a possibility that the amount disclosed under note15 was overstated and this could result to misstatement of cash balance recognised in the Statement of Financial Position.

Priority

High

Recommendation

Management should ensure that the differences are adjusted accordingly and evidence for the adjustments is provided to the audit team for verification.

Management response

Management has investigated this discrepancy and found that the General Ledger balances stated in the above finding are inaccurate. The GL and Note 15 are the same and evidence of this is available for review.

Auditor's Comment

We have confirmed the corrections made between note 15 (cash and cash equivalent) and general ledger.

3.4.5 Differences between ledger and cash book balances

Finding

We noted significant differences between the general ledger balances, actual cashbook balance and cashbook balance as per bank reconciliation in respect of the revenue bank accounts for the following ministries disclosed under note 15 (cash and cash equivalent). Details are found in the table below:

Bes	General Ledger	Cash Book	Cashbook Balance as per bank rec	Difference
BE 20 Education	126,948.70	130,253.76	0.00	-3,305.06
BE 23 Forest /Environment	-2,185,138.76	-1,022,963.63	-1,022,963.63	1,162,175.13
BE 10 FA	371936.66	71,583.11	71,583.11	300,353.55
BE 21 Health	464,086.89	412,088.55	1,548,584.20	51,998.34
Information	841,658.32	41,220.00	-59196.00	800,438.32
BE 8 Interior	-1,284,819.94	-1,284,819.94	1,284,819.94	0.00
BE 16 LGL	-6,371,231.62	-6,392,224.62	-6,392,224.62	20,993.00
BE 12 MoFEA	-6,463,997.51	-15,166,974.51	-15,166,974.51	8,702,977.00
BE 1 OP	20,432.82	20,432.54	20,432.54	0.28
BE 22 Youths	-465.43	-348.3	-348.3	117.13
Total	18,929,917.79	137,641,080.96	-19,716,287.27	118,711,163.17

Implication

There is a risk that some transactions are not captured in the general ledger.

There is a risk that revenue bank balance disclosed under note 15 (cash and cash equivalent) is misstated.

Priority

High

Recommendation

Management should ensure that the ledger and cashbook balances are adjusted accordingly without delay and evidence of adjustments be provided to the audit team for verification.

Management should ensure that the balances disclosed under Note 15 are accurate and ensure that differences are corrected and adjusted accordingly.

Management response

This matter will be corrected accordingly.

Auditor's Comment

We have confirmed that the differences under budget entities 01 & 20 (i.e. Office of The President and Ministry of Basic & Secondary Education) have been resolved but the rest remained outstanding up to the time of finalising this management letter. Details are shown in revised table below:

Bes	General Ledger	Cash Book	Cashbook Balance as per bank rec	Difference
BE 23 Forest /Environment	-2,185,138.76	-1,022,963.63	-1,022,963.63	1,162,175.13
BE 10 FA	371936.66	71,583.11	71,583.11	300,353.55
BE 21 Health Information	464,086.89	412,088.55	1,548,584.20	51,998.34
	841,658.32	41,220.00	-59196.00	800,438.32
BE 16 LGL	-6,371,231.62	-6,392,224.62	-6,392,224.62	20,993.00
BE 12 MoFEA	-6,463,997.51	-15,166,974.51	-15,166,974.51	8,702,977.00
BE 22 Youths	-465.43	-348.3	-348.3	117.13
Total	-13,343,151.45	-22,057,619.40	-21,021,539.75	11,039,052.47

3.4.6 Opening balances

Finding

Comparison of the closing balance of the 2015 audited financial statements against the opening balance of the 2016 draft financial statements revealed discrepancies in the following accounts in the statement of Financial Position.

The reasons for these differences were not disclosed. Details are shown below;

Description	Opening Balance 2016	Closing Balance 2015	Difference
Financial Assets	D'000	D'000	D'000
Cash and Cash Equivalents 15	(4,907,944)	(4,909,641)	1,697
Accumulated Surplus/(Deficit)	9,071,220	9,072,918	(1,698)
Financial Liability			
Financial Liabilities Accounts Payable 21	272,865	270,812	2,053
Deposits 20	376,828	378,881	(2,053)

Implication

The closing balances of the 2015 statement of financial position were not accurately disclosed as the opening balances for 2016 leading to distortion of financial information.

Priority

High

Recommendation

The composition of the above differences should be established and evidence be provided for our review.

Management Response

The opening balances in the 2016 Financial Year for the above accounts are the same as the 2015 closing balances on the System. This discrepancy was due to adjustments that were made to the 2015 Financial Statements after the Final version was sent to your Office. Consequently, we were unable to update the reports already sent to you as we did not have the authority.

This issue was explained during our review of the FPAC recommendations for the 2014-2015 audits.

Auditor's Comment

The issue remained outstanding up to the time of finalising this management letter.

3.4.7 Wrong balances used to perform bank reconciliation

Finding

We noted that wrong bank and cashbook balances were used to perform the bank reconciliation for some accounts by the Accountant General's Department.

We could not therefore rely on the accuracy and completeness of bank reconciliation performed on these accounts.

Implication

There is a risk of weak supervision and review of bank reconciliation performed by junior officers.

There is a risk that bank reconciliations are performed by inexperienced officers leading to errors.

Priority

High

Recommendation

We recommend that the above errors in the bank reconciliation be investigated, corrected and details provided for our verification.

Management response

This matter will be resolved and corrected in the Revised Financial Statements.

Auditor's comment

We noted a difference of D51, 323,359.37 between the actual bank statement balance and the bank balance figures used to perform the bank reconciliations. Details are shown in **appendix h**.

3.4.8 Omissions and Un-reconciled items

Finding

We re-performed the bank reconciliation for the following account and noted various omissions that were not detected by the bank reconciliation performed by AGD.

We also noted un-reconciled items brought forward from previous years as far back as 2014. These items remained unresolved and no evidence of an investigation was provided to correct or clear items from the account.

Implication

Failure to correct or clear un-reconciled items for more than one accounting period renders the entire process fruitless, there is no point in performing reconciliation if errors and omissions are not corrected and adjusted on time.

There is a risk that bank reconciliations performed were not reviewed or supervised by a senior staff.

The failure of Accountant General's Department to detect these omissions indicates that the bank reconciliations performed were inaccurate; therefore, there is a risk that the cash balances of these accounts (Note 15) are inaccurate.

Priority

High

Recommendation

We recommend that the above omissions are adjusted and details be provided for our verifications.

Un-reconciled items should be investigated and cleared from the various accounts.

In future, AGD should ensure that all bank reconciliations performed are reviewed and signed off. The reviewing officer should also ensure that errors and omissions detected are investigated and adjusted accordingly.

Management response

The query is noted by management and the reconciliation team is currently working on the clearance of these outstanding items.

Auditor's Comment

The un-reconciled items remained outstanding up to the time of finalising this management letter. Details are shown in **appendix i**.

3.4.9 Inappropriate recognition of unused cash allocation

Finding

During the audit, we noted that un-used cash allocations brought forward from previous years were inappropriately disclosed in note 15 as cash and cash equivalent.

There was no evidence provided to show that approval was sought from Ministry of Finance before recognising the unused cash allocation as current asset.

Implication

There is a risk that the balance for cash and cash equivalent is misstated.

The recognition of unused cash allocations as current asset will be misleading to the users of the financial statements.

Priority

High

Recommendation

Accountant General's Department should ensure that the un-used allocation brought forward from Epicor 7 is cleared and removed from Note 15 cash and cash equivalent.

Accountant General's Department should seek advice from the Ministry of Finance of unused cash allocations brought forward before recognising it as current asset.

Management response

This will be corrected in the Revised Financial Statements.

Auditor's Comment

The issue remained outstanding up to the time of finalising this management letter.

3.4.10 Stale Cheque/payments

Finding

The accounting procedures manual requires that all stale cheques transferred to the TMA un-presented cheques account be transferred to the consolidated revenue account 5 years from the date it was transferred to the special deposit account.

During the review of the bank reconciliation, we noted that undrawn cheques and payments in the Treasury Main Account (TMA) and other bank accounts from current and previous years amounting to D647, 187,559.26 have gone stale and remained outstanding in the cash book.

This is a violation of the above procedures for the processing of stale cheques by the Accountant General's Department.

Implication

Bank reconciliation process will be meaningless if stale cheques identified keep appearing and are not cleared for a long time.

This indicates a weak control lapses to adequately monitor and control these accounts.

Priority

High

Recommendation

We recommend that all TMA stale cheques be transferred to the special deposit account and corresponding below-the-line payments cancelled.

All stale cheques identified in the special deposit account should be transferred to the Consolidated Revenue Fund account after 5 years in the special deposit account as per the above procedure.

Management response

All TMA Stale cheques from 2014 to 2017 within the custody of AGD have been transferred to Special Deposit Account as stipulated in the Accounting Procedures Manual. Likewise, those in the Stale Cheques Special Deposit Account up to 2013 have also been transferred back to CRF in line with the five year requirement.

For the purpose of transfers to CRF, it should be noted that stale cheques from 2014 to 2017 are not due as the five year period has still yet to elapse.

Auditor's Comment

Staled cheques in the TMA and other bank accounts amounting to D575, 889,826.21 were not transferred to special deposit account and remained outstanding up to the time of finalising this management letter. Details are shown in **revised appendix j**.

3.4.11 Missing cancelled cheques

Finding

Section 31 (7) of the Financial Regulation states that *“when a cheque is cancelled prior to issue, it shall be –*

- (a) Affixed to the counterfoil and retained in the cheque book; or*
- (b) Attached to the schedule, as the case may be, and entered in the cash book as “Cancelled”*

During our verification, we noted that payments amounting to **D 2,129,093.00** were cancelled in the system but their corresponding physical cheques were not attached to the payment vouchers.

We also noted instances where both the payment vouchers and their respective cancelled cheques amounting to **D80, 990,103.46** were not presented for audit.

Implication

In the absence of the cancelled cheques, we could not confirm that the cheques in question were indeed cancelled.

There is a risk of fraud and other irregularities if cancelled cheques were not presented for our review.

Priority

High

Recommendation

We request the Accountant General's Department should provide the outstanding cheques for audit inspection without delay.

The Accountant General's Department should adhere to the dictates of the Financial Regulations at all times.

Management response

The above recommendation is noted and AGD will provide for inspection the relevant payments concerned.

Auditor's Comment

There were 22 payments amounting D80, 990,103.46 whose cheques and payment vouchers remained outstanding up to the time of finalising this management letter. Details are shown in **appendix k**.

3.4.12 Failure to disclose government funds held in commercial banks

Finding

Cash Basis IPSAS require an entity to recognise all cash receipts, cash payments and cash balances under the entity's control. This has not been done in these financial statements.

Section 21 (1) of the Financial Regulations stipulates that *“An accounting officer shall, when he or she thinks it necessary to open a government bank account, apply for approval in writing to the Accountant General and send a copy of the application to the Permanent Secretary”* and

Section 21 (6) of the Financial Regulations stipulates that *“A government bank account may only be opened with a commercial bank on the approval of the Minister on the recommendation of the Accountant General”*.

A review of the bank confirmation from commercial banks revealed that government funds held at various commercial banks accounts totalling D164,007,199.16, £92,617.67, €118,714.48 and \$1,473,229.38 were not disclosed in the 2016 financial statements.

Failure to include these funds in the financial statements suggests complacency on the part of the Accountant General's Department or lack of awareness of the operation of these bank accounts.

Implication

Government bank accounts are opened with commercial banks without the authority of the Minister and the Accountant General.

There is a risk that the cash and cash equivalent balance disclosed in the financial statements is misstated.

Priority

High

Recommendation

The Accountant General should investigate the nature of these accounts and establish its signatories and results furnished to this office.

Every effort should be made to include these funds in the revised financial statements.

Management response

AGD will investigate the nature of these accounts and disclosed them accordingly.

Auditor's Comment

Government funds amounting to D49, 929,598.10 held at Standard Chartered Bank and Arab Gambia Islamic Bank have not been disclosed in the revised financial statements. Details are shown in revised **appendix I**.

3.4.13 Failure to consolidate general ledger balances

Finding

During the review of the activity report of the consolidated general ledger balance of the special project dollar account, we noted omissions totalling D23, 358,053.20 for the following ministries.

Further discussion with officials revealed that bank transfer forms needed for automatic update of the general ledgers are not always used thus leading to errors.

Details are shown below:

Bes	Amount
01 Office of the President	-595,200.00
25 Ministry of Fisheries	-25,470,316.84
07 Ministry of Defence	2,707,463.65
Total	-23,358,053.2

Implication

There is a risk of weak internal control over the supervision and review of work done by junior officers.

There is a risk that work is performed without following laid down procedures thus increases the chance of errors and irregularities.

There is a risk that balance disclosed for the special project dollar account is misstated.

Priority

High

Recommendation

Management should ensure that the omissions identified are adjusted in the revised financial statements.

There should be regular supervision, monitoring and review of work done by junior officers.

Management response

These figures are part of the Special Project Dollar bank account reported on the Financial Statement, as the GFS code (321112) for special project dollar picks all the balances relating to this account across all the budget entities in the system.

Auditor's Comment

The omissions were not adjusted in the revised financial statements.

3.5 Information Technology

3.5.1 No documented description of responsibilities for each IT functions / IT Personnel

Finding

We noted that the responsibilities of IT staff were not documented by the Accountant General's Department during the period under review.

Implication

In the absence of a documented description of responsibilities of IT personnel it would be difficult to determine the scope of work of IT staff and measure their performance.

There is a risk that some IT staff will access areas in the system beyond their usual rights and responsibilities.

Priority

High

Recommendation

Management should ensure that a documented description of responsibilities of IT personnel to identify roles and monitor performance.

Management response

There is a document (AGD ICT Unit Roles and Responsibilities) that describes the roles and responsibilities of all the staff in the AGD ICT Unit.

Auditor's Comment

The AGD ICT Unit Roles and Responsibilities document was provided and reviewed accordingly.

3.5.2 IT security policy

Finding

An Information Technology (IT) Security Policy identifies the rules and procedures for all individuals accessing and using an organization's IT assets and resources.

We noted that there was no approved IT Security Policy in respect of the operations of the Integrated Financial Management Information System (IFMIS).

Implication

In the absence of an IT security policy, IT hardware and software could be subjected to unauthorised access thus comprising the information system of government.

In addition, there will be no information security across the organisation and to properly safeguard the organisations' assets.

Priority

High

Recommendation

Management should ensure that there is a formal IT security policy in place that is adequate and up to date to ensure data confidentiality, integrity and availability.

Management response

AGD had an ICT Security Policy in respect of operations of IFMIS which was reviewed and approved on 31st August, 2015. This was valid up to the period of this Audit (2016).

Auditor's Comment

The AGD's ICT Security Policy document was provided and reviewed accordingly.

3.5.3 No documented patch management plan in place

Finding

Patch management is an area of systems management that involves acquiring, testing, and installing multiple patches (code changes) to an administered computer system.

Patch management tasks include maintaining current knowledge of available patches, deciding what patches are appropriate for what system, ensuring that patches are installed properly, testing systems after installation, and documenting all associated procedures, such as specific configurations required.

We noted that there was no documented patch management plan in place at the IT Department at Accountant General's Department with regard to the IFMIS.

Implication

In the absence of patch management plan, the system software may not function properly.

There is a risk that patch management is performed without the approval from appropriate officials.

Priority

Medium

Recommendation

Management should ensure that there is a documented patch management plan.

Management should ensure that all required patches are approved by the appropriate officials.

Management response

There is a documented Patch Management Plan in place and this was presented in softcopy to the Audit Team. The signed copy is available for review.

Auditor's Comment

The Patch Management Plan was provided and reviewed accordingly.

3.5.4 No documented user account management policy

Finding

We noted that there was no documented and approved user account management standard and procedures for the IFMIS.

As a result, we could not determine whether user access right on the system and if rights are in line with the user's responsibility.

Implication

Without a user account management policy, users will not have any guidelines to follow in order to minimise risk of errors, fraud and the loss of data confidentiality and integrity.

Priority

High

Recommendation

Management should ensure that there is in place a documented and approved user management standards and procedures in the organisation.

Management should put in place processes to review user access rights on the system and if the rights should be in line with user responsibilities.

Management response

User Account Management Policy is part of the ICT Security Policy which is available for review.

Auditor's Comment

The User Account Management Policy was provided and reviewed accordingly.

3.5.5 No backup and retention strategy/ policy

Finding

During the audit, we noted the absence of approved backup and retention strategy or policy for the IFMIS.

The availability of backup and retention policy to have a clear guideline on backup processes and procedures and to establish protocols for retaining information for operational or regulatory compliance needs.

Implication

In absence of backup and retention strategy or policy, it would be difficult to determine the appropriateness of the actual processes and procedures required for data back up and retention.

There is also a risk that backups are not stored at an offsite location. As a result, the organisation might not be able to recover from disasters.

Priority

High

Recommendation

Management should ensure that approved backups and retention strategies or policies are put in place and implemented to avoid inconsistencies in backups and inappropriate data retention.

Management should also ensure that backups are stored and retain as required and in a secure offsite storage facility and not in personal external storage drives.

Management response

Backup and Recovery Strategy was presented in softcopy to the Audit Team. The signed copy is available for review.

Auditor's Comment

The backup and recovery strategy was provided and reviewed accordingly.

3.5.6 No service level agreement with internet service providers

Finding

We noted that the Internet service for effective and efficient functioning of the Integrated Financial Management and Information System (IFMIS) is contracted to Gamtel and Qcell during the period under review without service level agreement between these companies and the Accountant General's Department. It should be mentioned that when this issue was reported in our 2012 & 2013 management letter, the Accountant General's Department promised to regularise the situation but alas, the situation remained the same.

Implication

There is a risk that an efficient and quality service delivery will be comprised without recourse to legal action.

Priority

High

Recommendation

Management should ensure that service level agreements are established between Accountant General's Department and service providers without further delay.

Management response

IFMIS is operating on a government network that is managed by AGD ICT Unit and does not depend on any internet service provider.

AGD's current internet service requirement is provided by Qcell using home-based devices such as wireless access points which do not require any SLA because they operate on shared bandwidth.

3.5.7 No ICT support agreement

Finding

During the audit, we requested and obtained the list of changes that were made by the supplier (SOFTECH) through the IT officials by logging on to the help desk 68 log in platform.

We noted that the system programmers employed by the supplier carried out some changes in the system during the year.

However, the support agreement between government and SOFTECH was not provided for review. As a result, we could not determine whether the changes made were in accordance with changes agreed and approved in the Support Agreement.

List of changes are detail in **appendix m**.

Implication

There is a risk that the changes made are not approved or in accordance with the IT support agreement.

Priority

High

Recommendation

Management should ensure that the support agreements are provided for review by the Accountant General's Department.

Management response

There is a Support Agreement with Soft-Tech and this is available for review.

Auditor's Comment

The support agreement with Soft-Tech was provided and reviewed accordingly.

3.5.8 Failure to disclose value of burnt IT equipment during 2016 fire incident

Finding

Section 39 (3) of the Financial Regulations stipulate that *“An Accounting Officer shall promptly report to the Accountant General all losses, other than those disclosed by a Board of Survey, and send a copy of his or her report to the Permanent Secretary and the Auditor General”*.

Discussion with ICT officials and review of ICT official report revealed that there was a fire incident at the IFMIS Server Room at the Accountant General’s Department in 2016 in which servers, routers and switches were burnt. No report of the incident was supplied to the Auditor General.

We requested for the cost of the burnt IT equipment but were not provided up to the time of finalising this draft report.

In addition, the costs of this equipment were not disclosed in the financial statements.

Implication

There is a risk that regular monitoring of electrical equipment in the server room is not carried out leading to the fire outbreak.

There is a risk that data stored on the burnt servers was not recovered.

There is a risk that losses of public monies disclosed in the financial statements are misstated.

Priority

High

Recommendation

Management should ensure that electrical equipment in the server rooms are regularly inspected to ensure that the quality match the power fluctuation at any given time.

The values of these burnt IT equipment should be disclosed under losses of public monies in the 2016 financial statements.

Management response

All routers and switches survived the fire incident and remain functional to date. It should be noted that there was no loss of data because of the active mirroring in place between the primary and secondary data centres. The valuation for some of the equipment lost in the incident is available for your review.

Auditor’s Comment

The contract values for some of this equipment were provided. Details are shown in the table below:

However, the revalue amounts of equipment damaged in the fire incident were not disclosed in the revised financial statements. Details as shown below:

HOST	MODEL NO	CONTRACT VALUE	PROJECT PHASE
BJLVMS3	POWEREDGE R520	\$9,565.08	Phase2
BJLVMS4	POWEREDGE R520	\$9,565.08	Phase2
BJLVMS5	POWEREDGE R520	\$9,565.08	Phase2
BJLDNTVMS08	POWEREDGE R200	\$2,491.42	Phase2
BJLDNTVMS07	POWEREDGE R200	\$2,491.42	Phase2
BJLDNTVMS06	POWEREDGE R200	\$2,491.42	Phase2
BJLDNTVMS01	POWEREDGE R200	\$2,491.42	Phase2
TRAININGVMS	POWEREDGE R420	STCL FREE GIFT	Phase3 E9
BJLDNT-EPO-VMS	POWEREDGE R200	\$2,491.42	Phase3 E9
PFSense Server	POWEREDGE R200	\$2,491.42	Phase3 E9
BJLVMS7	POWEREDGE R730	GMD1, 155,000.00	Phase3 E9
BJLVMS8	POWEREDGE R610	N/A	Phase2
NAGIOSVMS	POWEREDGE R610	N/A	Phase2
BJLDNTNRD01	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTDEV01	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTTS01	Dell PowerEdge 1800	N/A	Phase1
BJLDNTTS02	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTAVG01	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTAVG02	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTSMS01	Dell PowerEdge SC1425	N/A	Phase1
BJLDNTMS01	Dell PowerEdge SC1425	N/A	Phase1

3.5.9 User Access rights given to senior officers on leave

Finding

During the audit, we noted that IFMIS user access rights to the following officers were not disabled while the officers were away on leave.

Name	Designation	Grade	Period of leave		Remark
			Start	End	
Mbaye Nyang	Principal Accountant	10	04/06/18	25/06/18	Active (EPICOR)
Alhagie Fofana	Senior Accountant	9	21/05/18	20/06/18	Active (EPICOR)

Implication

There is a risk that these officials could access the system while on leave or their access rights used by unauthorised officer(s) to make unauthorised changes to the system to obtain financial gains resulting to financial loss to government.

Priority

Medium

Recommendation

We request evidence to show that the user access accounts for these officers were deactivated during the period of their leave.

In future, management should ensure that user accounts for officers are deactivated when they proceed on leave.

Management response

When users are proceeding on leave or travelling on official mission, the MDA would write to AGD for the user's access rights to be reassigned to another user for the period that the user is away. The MDA would again write to AGD to restore the user's rights once he or she is back. AGD would reassign the access rights accordingly.

In respect of Alhagie Fofana, Senior Accountant, he is not an active user.

However, we will enhance on the administration of user access rights.

Auditor's Comment

No evidence was provided to show that the user accounts of the above officers were deactivated during the period of their leave.

3.5.10 Lack of log/ register

Finding

We noted that there is no register or logs to sign in when officers enter or leave the server room.

Implication

There is a high risk of unauthorised access to the server room which could result to unauthorised changes or theft of IT equipment without being detected by ICT officials.

Priority

High

Recommendation

Management should ensure that a register or log is put in place to aid the monitoring and supervision movements of officers in and out of the server room.

Management response

There is now a log book at the IT Unit in which all access to the server room is recorded.

There is also a Digit Padlock system on the door to the server room to control unauthorised access to the server room. In addition, there is CCTV installed that would identify all individuals accessing the server room.

Auditor's Comment

We have reviewed the log book and inspected the Digit Padlock system and CCTV camera installed in the server room.

3.5.11 No threat/ risk assessment

Finding

Discussion with officials revealed that a threat/ risk assessment was performed by the ICT personnel at Accountant General's Department.

However, no documented evidence of risk / threats assessment performed was provided to show the identified potential threats or risk to IT hardware and software, as well as established mechanism or control in place to mitigate against identified threats.

Implication

In the absence of a documented threat assessment, it will be difficult for the IT and officials to determine the risk areas of IT hardware and software and potential controls to prevent the risk.

Priority

High

Recommendation

Management should ensure that documented risk assessments are established and performed on a regular basis.

Management response

There is a Risk Matrix in place for AGD which identifies all potential risks and their mitigation strategies, including those relating to IT.

Auditor's Comment

The risk matrix was provided and reviewed accordingly.

3.6 Virement

3.6.1 Virement made from inappropriate votes

Finding

Section 19 subsection 2(a) of the financial regulations 2016 states that “*Virement may not be used to;*

(28) Transfer funds between personnel emoluments and other charges”.

During the review of virement files, we noted that virements totalling D50, 460,072 was approved for the Ministry of Basic and Secondary Education (MoBSE) in respect of personnel emolument for the month of October 2016.

We further noted that D36, 610.74 was wrongly vired from other charges vote of the ministry to the personnel emolument vote as well as the D13, 849,331 transferred from the development vote of Ministry of Works, Construction and Infrastructure to meet the outstanding balance of the personnel emolument vote of MoBSE.

Implication

This is a serious disregard to the dictates of the Financial Regulations.

Priority

Medium

Recommendation

We recommend that dictates of the Financial Regulations are adhered to.

Management response

Subvention budget lines (PE & OC) falls under 25 series not PE (Personnel Emoluments) of the chart of accounts therefore is classified as Transfer Emoluments). Please note that the Pes falls under 211 series of chart of account.

For your information the virements were done from Development votes and not Other charges except for the virement from the Consultancy Vote under amounting to D3, 218,000.00 BE18 (Ministry of Transport).

Auditor's Comment

We have now confirmed that the virement was made from the appropriate vote.

3.6.2 No notification of virement made from budget entities

Finding

A review of the budget files of budget entities at MoFEA and virement report from IFMIS revealed that funds totalling D61,192,838.05 were transferred between budget entities without notifying the budget entity from which funds are being vired.

Requesting budget entity		Receiving budget entity	
BE	Amount	BE	Amount
(020) Ministry of Basic and Secondary Education	16,000,000	(015) Miscellaneous	24,000,000
(021) Ministry of Health & Social Welfare	3,000,000		
(027) Ministry of Tertiary & Higher Education	5,000,000		
(017) Ministry of Agriculture	19,864,864.27	(01) Office of the President	29,864,864.27
(020) Ministry of Basic and Secondary Education	10,000,000		
(020) Ministry of Basic and Secondary Education	7,327,973.78	(015) Miscellaneous	7,327,973.78
Total	61,192,838.05		61,192,838.05

Implication

There is a risk that plan activities of the affected budget entities will be disrupted.

This could result to budget overrun by budget entities which could have an overall impact on the implementation of key operations.

Priority

Medium

Recommendation

We recommend that budget entities are notified whenever funds are transferred from their votes.

Management response

In relation to notifying the Budget Entity on virement is fully noted. Henceforth the concern Budget Entities will be notified accordingly.

However, virements cannot result in budget overruns as the System would not allow any expenditure beyond available budget.

3.7 Contingency fund

3.7.1 Non- budgeting of contingency fund

Finding

The Contingency Fund is set up under the provisions of section 154 of the Constitution for purposes of meeting unforeseen and urgent expenditure for which no other provision exists.

We noted that there was no budget line created for Contingency Fund in the 2016 estimates of revenue and expenditure.

Discussion with staff of the Ministry of Finance indicated that they did not see the need to budget for contingency purposes but no evidence was provided to show how they reached that conclusion.

In this era of climate change and the resulting frequency of natural disasters, it is inconceivable for governments not to hedge funds for emergency purposes.

Implication

In the absence of a budget line, funds might not be available to cater for expenditure in the event of emergencies or unforeseen circumstances.

Priority

High

Recommendation

We recommend that a budget line be created to cater for emergencies or unforeseen circumstances.

Management response

The above recommendation is noted.

3.7.2 Misclassification of budget lines

Finding

Centralised Service is a budgeted entity that consists of a number of budget line items maintained and controlled by the Ministry of Finance and Economic Affairs.

A review of the financial statements revealed that these budget lines were classified as contingency fund even though none of the budget lines meet the definition of contingency.

During discussions with officials at the Ministry of Finance, they agreed that none of the budget lines classified as Contingency Fund under the Centralised Services meets the condition of a Contingency Fund. Details are shown below:

Code	Budget Line
211101	Basic Salary
211106	Civil Service Staff Loan
221203	Rent and Rates
221606	Official Entertainment and Hotel Accommodation
222102	Arbitration and Court Awards
222154	Settlement of Confirm Debts
222155	Embassies and Missions Establishment Expenses
232281	Port Equipment and Installation
271105	Contributions to Injuries Compensation Fund

Implication

There is a risk that funds are intentionally classified as Contingency Fund even though they did not meet the definition in order to justify the use of such budget lines for normal operations.

There is a risk of weak monitoring of expenditures made from the Centralised Services.

This is indicative of weak budgetary process leading to ways of circumventing the budgetary process.

There is risk that the financial statements are misstated.

Priority

High

Recommendation

There should be increased monitoring of expenditures made from the Centralised Services.

Accountant General should review the composition of the note 24(Contingency Fund) of the financial statements and make corrective measures.

We seek explanation as to why note 24 (Contingency Fund) was created when the budget line for Contingency Fund was abrogated during period under review.

Management response

Note 24 was picking all budget line items under BE 15 which was originally designated as Contingency Fund.

The Note will be adjusted accordingly.

Auditor's Comment

We have confirmed that the adjustments have been made in the revised financial statements.

3.8 Losses Advisory committee

3.8.1 No functional loss advisory committee

Finding

Section 39 (13) of the Financial Regulation states “*the losses advisory committee shall meet at least once in each quarter to consider all loss reports emerging since its last meeting and advise on whether a loss should be written off or recovered from the person responsible for it*”.

Section 13.2 of the IFMIS Accounting Procedures Manual states’ “*The Losses Advisory Committee in accordance with laid down procedures may advise on write-off of losses of monies and stores belonging to the Government*”

During the audit, we noted that audit findings in respect of losses of public funds highlighted in our previous management letter remained unresolved thus indicating a weak or dysfunctional Committee.

Implication

The dictates of the financial regulation are not adhered to by the Accountant General.

There is a risk that appropriation measures to recover misappropriated funds from culprits are not taken thus limiting the chances of any future recovery.

Priority

High

Recommendation

Ministry of Finance should ensure that losses Advisory Committee is established and fully functional in order to hold fraudsters to account.

Management response

There is a Losses Advisory Committee constituted to advice on all losses of funds. This committee last met in August 2018, which was the third quarter sitting.

Auditor’s Comment

The minutes of the losses advisory committee were not provided for our review.

3.8.2 Part recovery of loss of public funds

Finding

Section 39 (13) of the Financial Regulation requires the loss advisory committee to meet regularly and advise on whether a loss should be written off or recovered from the person responsible for it.

Our discussion with staff of the Accountant General's Department and review of the fraud file revealed a number of fraud cases committed during previous financial years, investigated and reported in the financial statements have still not been fully recovered or written off by the Losses Advisory Committee. Details are in the table below:

Department	Nature of loss	Loss Amount D	Status
Brikama Health Centre	Un-accounted revenue collections	402,674.00	Receipts amounting to D129,000 were recovered leaving an outstanding balance of D273,674
Brikama sub-treasury	Un-accounted revenue	6, 592,172.50	No evidence of recoveries was made available for our review.
Kerewan sub-treasury	Un-accounted cash	2,136, 327.61	No evidence of recovery was provided
Janjanbureh sub-treasury	Un-accounted cash	520, 935.55	No evidence of recovery was provided.
Directorate of National Treasury	Un-authorise Withdrawal of public funds from the Old TMA	4, 064,363.15	No evidence of recoveries was made available for our review.

Implication

There is a risk that government will not recover these funds leading to loss of revenue.

This is indicative of poor internal controls which if not addressed could lead to re-occurrence in the future.

There is a risk that these misappropriations have not been reported to the Loss Advisory Committee for appropriate action.

Priority

High

Recommendation

Management through the loss advisory committee should ensure that appropriate actions are taken to recover the amounts from responsible officers.

Management response

The Losses Advisory Committee has met in August 2018 and mapped out the procedures and actions to be followed/taken in respect of all losses of public funds. The minutes from this meeting are available for review.

Auditor's Comment

No evidence of recoveries of the misappropriations was provided for our review up to time of finalising this management letter.

3.8.3 Non-disclosure of loss of public monies

Finding

During our audit we noted that there were a number of losses of public monies amounting to D2, 621,793.10 that were not disclosed in the financial statements for the period under review.

Implication

The amount disclosed under losses of public monies reported in the financial statements was misstated.

In the absence of the cost or value of the servers that were burnt, the figure disclose as losses of public monies might be misstated in financial statements.

Priority

High

Recommendation

The true extent of the fraud should be established and outstanding amounts disclosed in the financial statements.

Management should ensure that the value of the servers are quantified and disclose under losses of public monies.

Management response

The stated losses will be disclosed in the Revised Financial Statements.

Auditor's Comment

There was no documentary evidence provided to support the financial misappropriation at the Gambia mission in Guinea Bissau disclosed in the revised financial statements.

In addition, the misappropriation of public funds at the Department of Forestry, Parks and Wildlife and the fire incident involving servers at AGD respectively were not disclosed in the financial statements.

Details are shown below:

Department	Nature of loss	GMD	Status
Department of Forestry, Parks and Wildlife	Un-authorised transactions in a Project Account	839, 500.00	An amount of D510,060 was recovered leaving an outstanding balance of D329,440

3.9 Public debt (grants and loans)

3.9.1 Failure to disclosure grants disbursed directly to sectors

Finding

Part 1 Requirement of the IPSAS Cash Basis Accounting Paragraph 1.10.8 requires and entity to disclose separately the total external assistance received during the period.

We noted that grants totalling **D 2,890,313,084.23** were disbursed to various sectors for the year under review. However, these grants were not disclosed in the financial statements for the period under review.

Implication

There is a risk that the disclosure requirement in respect of grants in the financial statements was not followed.

This is indicative of poor communication between the Accountant General's Department and the Aid Coordination unit at the Ministry of Finance.

The financial statements might be misstated.

Priority

High

Recommendation

The Accountant General's Department should request information on grants disbursed from the aid coordination unit at the MoFEA and disclosed them in the financial statements.

Management response

Grants not disclosed in the Financial Statements will be verified and reported appropriately in the Revised Financial Statements.

Auditor's Comment

There were grants totalling D1, 296,377,878.96 that were not disclosed in the revised financial statements. Details are shown in revised **appendix n**.

3.9.2 Differences in grant figures between MoFEA records and sectors

Finding

Section 3 (1), (c) of the Public Finance Act, 2014 states that, *“the Ministry shall coordinate the Management of external grants and debts”*.

Section 50 further states, *“Ministry shall keep timely, comprehensive and accurate records of outstanding state debts, derivatives transactions, guarantees, lending and finance lease arrangements of the state in an appropriate database”*.

The aid coordination unit of the Ministry of Finance maintained an excel spread sheets where grants and other external assistance are recorded. Our examination of the records revealed significant difference between grants disbursed directly to the sectors, and the figures provided by MoFEA.

This application is not interface with Common Wealth Secretariat Debt Management and Recoding System (CS-DMRS) and IFMIS to facilitate reconciliation.

Details are shown in **appendix o**.

Implication

There is a risk that the figures disclosed in the financial statements by the Accountant General's Department are not accurate.

There is a risk of data loss if information recorded on excel spread sheet are corrupted.

There is a risk that no reconciliation is performed between MoFEA and sectors in respect of the grant disbursed to individual projects on a regular basis.

This is indicative of internal control weaknesses and could result to significant losses of public fund.

Priority

High

Recommendation

Reconciliation should be performed in respect of grant disbursed to individual projects on a regular basis.

MoFEA should ensure that measures are put in place to capture all the grants disbursed to the individual projects.

Management response

AGD will engage the parties to be conducting regular and frequent reconciliations to minimise discrepancies.

3.9.3 Failure to disclose contingent liabilities

Finding

Part 1 Requirement of the IPSAS Cash Basis Accounting Paragraph 1.3.10 of 1.3 Presentation and Disclosure Requirement states *“Entities that report using the cash basis of accounting frequently collect information on items that are not recognized under cash accounting. Examples of the type of information that may be collected include details of:*

- (a) Receivables, payables, borrowings and other liabilities, non-cash assets and accruing revenues and expenses;*
- (b) Commitments and contingent liabilities; and*
- (c) Performance indicators and the achievement of service delivery*

Paragraph 1.3.11 states: *preparing general purpose financial statements in accordance with this Standard may disclose such information in the notes to the financial statements where that information is likely to be useful to Users.*

Review of correspondence from Ministry of Justice revealed pending litigation cases against the government.

However, these contingent liabilities were not disclosed in the financial statements. Details are shown in the table below:

Date	Description of cases	Legal Proceedings	
		GMD	USD
	Galia Holding Vs The Republic of the Gambia	1,150,617,989	29,255,479
	Carnegie Minerals Vs The Republic of the Gambia	1,179,900,000	23,144,798
	Kebah E.A Touray & 10 others VS A.G and Sheikh Zayad Regional Eye centre	10,000,000	
	Fatou Camara VS Attorney General	20,000,000	
	Nogoi Njie Vs Attorney General	20,000,000	
	The Estate of late Chief Ebrima Manneh Vs The Gambia		1,000,000,000
	ACH. Abdoulie Ceesay Vs The Gambia		5,000,000
	Ousainou Darboe & 31 Others Vs The Gambia	1, 240,000,000	
Total		2,380,517,989	1,057,400,277

In addition, we also noted contingent liability with respect to loans guaranteed by the government of The Gambia but was not disclosed in the financial statements.

Implication

There is a risk that contingent liabilities disclosed in the financial statements are misstated.

There is a risk that the disclosure requirements of Cash basis IPSAS in respect of contingent liability in the financial statements is not met.

Priority

High

Recommendation

Management should regularly seek confirmation from relevant sectors on potential contingent liabilities.

Management should always endeavour to accurately review figures regarding contingent liabilities before their disclosure in the financial statements.

Management response

At the time of preparing the Financial Statements, information on all sources of contingent liabilities was sought from Ministry of Finance, Ministry of Justice and all other MDAs. Consequently disclosure on this matter was based on the responses received.

Notwithstanding, adjustments will be made in the Revised Financial Statements in light of the most recent correspondences received.

Auditor's Comment

Contingent liabilities totalling D360, 092,828.00, US \$ 2,000,000 and €855, 826 respectively were not disclosed in the revised financial statements. Details are provided in **appendix p**.

3.9.4 Liabilities arising from concluded litigation cases

Finding

Section 2.1.24 of part 2 Cash Basis IPSAS states “*An entity is encouraged to disclose in the notes to the financial statements;*”

(28) Information about the assets, liabilities, revenues and expenses of the entity; and

We noted instances where judgements were made against the Government of The Gambia in respect of legal claims. These are litigation cases that were concluded.

We noted liabilities totalling to \$4,960,000.00 in respect of already decided cases which were not disclosed in the financial statements. Details shown in the table below:

Description of the case	Status	Amount Claimed (\$)
Conapro Dena BMS Sal V Ministry of Petroleum	concluded	4,600,000.00
Musa Saidykhan V The Republic of The Gambia	concluded	200,000,.00
Chief Ebrima Manneh V The State	concluded	100,000.00
Deyda Hydara JR & Others Vs The Republic of The Gambia	Concluded	60,000.00
Total		4,960,000.00

Implication

There is a risk that the reporting requirement of Cash Basis IPSAS is not met.

There is a risk that the financial statements are misstated.

Priority

High

Recommendation

The presentation and disclosure requirements of the Cash basis IPSAS should be adhered to at all times.

Management should disclose all actual liabilities in respect of judgement creditors in the financial statements.

Management response

Liabilities arising from litigation cases will be disclosed appropriately in the Revised Financial Statements in line with correspondence from Ministry of Justice.

Auditor's Comment

The liabilities amounting to US \$4,960,000.00 were not disclosed in the revised financial statements up to the time of finalising this management letter.

3.9.5 Minutes on negotiation for contracted loans not provided

Finding

During the audit, we requested minutes of loan negotiations for 36 loans agreements that have been reviewed. However, the minutes remained outstanding up to the time of writing this draft letter. As a result, we could not confirm the involvement of relevant stakeholders during loan negotiation process of loan agreements.

This matter was a subject of our previous audit report in which the Ministry of Finance promised to make these documents available for our review but failed to do so up to the time of finalising this management letter.

Details are shown in **appendix q**.

Implication

In the absence of negotiation minutes, it would be difficult to ascertain the involvement of relevant stakeholders in the process of securing loans.

There is a risk that negotiations are not done with regard to the above mentioned projects.

There is an increased risk of inadequate review of these loans before they were signed to determine if they are concessional with favourable terms and conditions.

Priority

High

Recommendation

We request Ministry of Finance to provide minutes of negotiation for these loans for our review; and

Management should ensure that all minutes of all loan negotiation are filed and provided for audit review at the time of request.

Management response

The loans in question are old projects whose documents including the minutes of negotiations have been archived. These documents are no longer within our reach and hence not available for inspection by the auditors.

Auditor's Comment

Minutes of negotiations in respect of loans that are being serviced should be filed and provided for audit review at the time of request.

3.9.6 Understatement of outstanding external debts

Finding

We noted that a difference of D2, 856,063.30 between the disbursed outstanding external debt balances provided by Ministry of Finance and the outstanding external debt balance disclosed in the financial statements. Details are shown below:

Date	MoFEA disbursed outstanding debt balance) D “000	Outstanding external debt balance disclosed in financial Statement D “000	Differences D “000
2016	21,875,147.10	19,019,083.80	2, 856,063.30
Total			2,856,063.30

Implication

There is risk that outstanding external debt balance reported in the financial statements is misstated.

This is indicative of weak supervision and review in the process of reporting and disclosing balances in the financial statements.

Priority

High

Recommendation

Management should adjust the outstanding external debt balance in the revised financial statements.

Management should ensure that there is proper and regular review of the figures disclosed in the financial statements.

Management response

It is to be noted that these two sets of debt data emanate from the same source (i.e. DLDM). The reason of this difference is that the update on the database is an on-going activity given the fact there is always time lag in receipt of disbursement advices. Secondly, DLDM has recently embarked on reconciliation with their creditors and the outcome of the reconciliation indicates that the nation's debt was understated.

However, adjustment will be made to the disclosed debt amount when supporting documentation is received from DLDM.

Auditor's Comment

Outstanding external debt balance disclosed in the revised financial statements does not agree with MoFEA records. Details are shown in the table below:

Date	MoFEA disbursed outstanding debt balance) D	Outstanding external debt balance disclosed in financial Statement D	Differences D
2016	21,875,147,000.10	21,593,594,000.20	281,552,000.90
Total			281,552,000.90

3.9.5 Understatement of Treasury Bill balance

Finding

We noted a difference of D6, 767,072,000 between the statement of Treasury bill balance and the figure disclosed in the extended trial balance.

Amount on the extended Trial balance	Amount on the statement of (T-bills)	Understatement (D)
10,366,393,000	17,133,465,000	6,767,072,000

Implication

There is a risk that the balance on T-Bills disclosed in the financial statements is misstated.

Priority

High

Recommendation

Management should provide explanation for the difference between the extended trial balance and the statement of T-bills.

Management response

Management will investigate and adjust accordingly.

Auditor's Comment

This issue remained outstanding up to the time of finalising this management letter.

3.9.6 Non-disclosure of on-lending to government parastatals

Finding

We noted that the Government on-lend loans totalling USD 19,000,000 to the National Water and Electricity Company (NAWEC) and the Gambia Civil Aviation Authority (GCAA) that were not disclosed in the financial statements. Details are shown below:

Date	Creditor/bank	Project	Beneficiary	Amount USD
28/03/2008	Kuwait Fund for Arab Economic Development	Banjul International Airport Improvement Project	The Gambia Civil Aviation Authority	10,000,000
16/01/2013	Arab Bank for Economic Development in Africa (BADEA)	Kotu Power Generation Plant Expansion Project	National Water and Electricity Company	9,000,000
Total				19,000,000

Implication

The financial statement is misstated.

There is a risk that government could lose track of the total on-lend loans and not make sufficient safeguard in event of failure of the beneficiary.

Priority

High

Recommendation

We recommend that all on-lend loans are disclosed in the revised financial statements.

Management response

This will be reviewed and any necessary adjustments will be made in the Revised Financial Statements.

Auditor's Comment

On-Lending to State Owned Enterprises were not disclosed in the revised financial statements.

3.9.7 Failure to disclose penalties paid for late principal repayments

Finding

Discussion with officials at Ministry of Finance revealed penalties were incurred for late settlement of principal and interest payments of some external loans. These penalties were included as part of interest payments.

As a result, we could not determine the amount of penalties paid in respect of late settlement of foreign debts.

Implication

There is a risk that interest payments disclosed in the financial statements is inaccurate.

Priority

High

Recommendation

The Ministry of Finance should provide explanation for the failure to disclose penalty charges.

We request management to make a separate disclosure of penalties in the financial statements.

Management response

No separate disclosure for penalty charges was made because all penalties incurred were charged to Principal and Interest accounts. AGD will however disclose the specific amount relating to penalties in the Revised Financial Statements.

Auditor's Comment

We have confirmed that penalty payments are disclosed in the revised financial statements.

3.9.8 Misclassification of interest and penalty charges

Finding

We noted that interest and penalty charges totalling USD168, 332.35 was wrongly charged to the principal repayment code thus overstating the reported principal repayments balance disclosed in the financial statements.

Details are below:

Date	Details	Payee	Voucher No	Interest(USD)	Penalty(USD)	Total(USD)
28/1/16	Payment of arrears on Bandes Loan No. CPJ-012-09	VENEZUELA (BANDES)	50PV001071	167,999.5	332.85	168,332.35

Implication

The amount stated on the financial statements as interest on loan is misstated.

Priority

Medium

Recommendation

We recommend that balance in respect of interest payments disclosed in the draft financial statements is adjusted in the Revised Financial Statements.

Management response

This matter will be adjusted in the Revised Financial Statements.

Auditor's Comment

The Interest payments and the penalty charges misclassified were not accurately classified and disclosed in the revised financial statements.

3.9.9 Government borrowings

Finding

We noted 35% and 10% increase in domestic debt and External debt respectively between the period 2015 and 2016 thus casting doubts over the effectiveness of the public debt management strategy of The Government of the Gambia.

Description	Year end 2015 D“000	Year end 2016 D“000	Increase D “000	Increase %
Domestic debt	19,484,284	30,048,948	10,564,664	35.16
External debt	17,809,950	19,796,471	1,986,521	10.03

Implication

The increase in domestic debt levels represents a high interest cost for government.

There is a risk that the Ministry of Finance did not have control over the debt management policy.

Priority

High

Recommendation

The Ministry of Finance should provide explanation for the increase in domestic borrowing.

Government should seek more concessional external debt with low interest rates.

Government should take appropriate measures to reduce domestic debt borrowings.

Management response

The figures quoted above do not exactly match the total domestic debt outstanding as per the records of Loans and Debt Management.

The total public debt as per DLDM records, increased from D37.2 Billion in 2015 to D48.2Billion in 2016 representing a 29.57% increment.

In Book value terms, Domestic debt outstanding increased from D20.1Billion in 2015 to D26.1 Billion in 2016 representing 29.85%.

External Debt outstanding increased from D17.1 Billion to D22.1 Billion representing 29.24% increment.

With regards the increment in overall public debt amount, it must be clear that the only source of government revenue is tax revenue, and with high government

expenditure without any budget support, there is a need for government borrowing to increase to meet demands of sectors. It should be noted that MOFEA is conscious about macroeconomic issues and is using everything prudent to manage. This is manifested in the positive trends of inflation growth, exchange rate stability, increase in reserve levels etc.

Auditor's Comment

A review of the revised financial statements revealed 49.64% and 49.91% increase in domestic debt and external debt respectively between the period 2015 and 2016. Details are shown in the table below:

Description	Year end 2015 D'000	Year end 2016 D'000	Increase D'000	Increase %
Domestic debt	20,394,781.00	30,517,752.00	10,122,971.00	49.64
External debt	14,404,849.20	21,593,594.20	7,188,745.00	49.91

3.9.10 Debt sustainability

Finding

Our audit of public debt revealed worrying trends with regard to debt sustainability for the Government of The Gambia.

The table below presents the debt sustainability analysis using the Commonwealth Secretariat criteria.

Bench Mark ratios (COMSEC)	Year ended	GDP %	Benchmark %	Difference %
Fiscal deficit should not be more than 3% of GDP	2016	9.00	3.00	6.00
Public Debt Service				
Public domestic debt should not be consistently higher than 200% of domestically generated Govt. Revenue	2016	390.00	200.00	190.00

Implication

There is risk that in future Government may face difficulties in obtaining loans from prospective creditors or where they are able to acquire loans; it will be at very high interest rates.

There is risk that in future debt repayments would be difficult as the rate of increase in public debt surpasses the rate of increase in revenue given the current trends.

Priority

High

Recommendation

We recommend that government exercise strong fiscal discipline by significantly reducing domestic debt borrowings; this will help in addressing high cost and risk attached to repayment of interest from Government revenue.

Management response

Government is aware of high public debt and has taken steps by restructuring government debt with CBG to long term bonds. Currently, government borrowing in the domestic market is going down and the interest payments for Treasury Bills are significantly reduced. External debt is also being negotiated for restructuring. Already, Saudi Fund has restructured and other creditors will soon follow. For purposes of development, government will contract loans that are concessional.

There is no debt ceiling in the national financial laws of the Gambia and the Government of the Gambia has never adhered to or conform itself to the COMSEC debt thresholds.

In addition, there is an ambiguity in your second finding i.e. public debt not to be more than 200% of domestic revenue, but rather this is compared with GDP.

Given the above, we are of the view that the thresholds used to arrive at the above query do not represent the real picture of debt sustainability of the country.

In addition, debt sustainability is forward looking and involves the analysis of both liquidity and solvency indicators, which have not been evaluated in the above findings.

Auditor's Comment

We used the COMSEC indicators to determine the debt sustainability level because Government of the Gambia use Commonwealth Secretariat Debt Recording System (CSDMRS) for recording and reporting public debt information.

COMSEC is internationally recognised benchmark for debt sustainability analysis in Commonwealth countries.

Consequently, there is no ambiguity in reporting that public debt should not be consistently higher than 200% of domestically generated government revenue.

3.9.11 No borrowing limit for domestic and external debt

Finding

We noted that there was no debt ceiling or borrowing limits set by government. As a result, we could not determine if government has exceeded the borrowing limits for both domestic and external debts.

Implication

Unspecified borrowing limits for domestic and external debts might result to Un-sustainable debt levels with high interest cost.

In the absence of a borrowing limit or threshold, the Government debt burden might not be controlled thereby exposing the country in facing difficulties in obtaining loans from prospective creditors.

Priority

High

Recommendation

Management should ensure that borrowing limits are set for both external and domestic debt.

Management response

Government is concerned of the debt situation and is setting limits to borrowing through debt sustainability analysis anchored on macroeconomic framework. The analysis will give indication of the level of borrowing government should contract.

3.10 Payables

3.10.1 Default on repayment of loan

Finding

During the audit, we noted that government transferred D8, 000, 000 to a special deposit account in 2014 to set up a revolving loan scheme (building and car) for former cabinet members in the former regime at an interest rate of 3% and 5% and payable over 5 and 10 years respectively.

The repayment clause in the scheme requires monthly payment of principal and interest.

However, we noted a breach of this clause as beneficiaries continually defaulted on monthly payments as evident from the repayment schedule from the IFMIS. Details are provided below:

Name	Type of loan	Amount Issued (D)	Amount Repaid(D)	Outstanding Balance with interest (D)	Last payment date
H.E Dr Isatou Njie Saidy	Building	2,000,000.00	605,172.00	2,394,828.00	28 th December 2017
Ousman Sonko	Building	1,000,000.00	137,885.28	1,134,901.92	Aug-2016
Alieu K Jammeh	Building	1,760,000.00	324,577.59	1,879,089.08	28 th September 2017
Sheiffo Bojang	Building	450,000.00	113,200.91	371,953.70	Jan-2017
Dr.Aboubacar r Senghor	Car	250,000.00	0.00	269,530.38	N/A
Neneh MacDouall Gaye	Building	1,200,000.00	228,645.92	1,298,698.48	12 th May 2017
Total		6,660,000.00	1,409,481.70	7,349,001.56	

Implication

There is a risk that these loans might not be repaid within the period stated in the loan agreement.

There is also a risk that the outstanding balance will not be repaid by the beneficiaries as they are no longer in the services of government and appropriate mechanisms are not in place to recover the monies.

Priority

High

Recommendation

We recommend that both the Ministry of Finance and the Accountant General's Department make efforts to recover these monies from the responsible officials.

The provisions of the loan agreement should be enforced in order to recover the outstanding balances.

Management response

Management has written to the beneficiaries of these loans reminding them of their obligations, and three are paying namely; Dr Isatou Njie Saidy, Alieu K. Jammeh and Neneh Macdouall Gaye. Evidence of this is available for review.

Auditor's Comment

We have reviewed the cashbook for recoveries made and noted that loans totalling D5, 726,237.30 remained outstanding up to the time finalising this management letter. Details as in the table below:

Name	Type of loan	Amount Issued (D)	Amount Repaid(D)	Outstanding Balance with interest (D)	Last payment date
H.E Dr Isatou Njie Saidy	Building	2,000,000.00	1,653,596.02	887,294.98	28 th December 2018
Ousman Sonko	Building	1,000,000.00	137,885.28	1,134,901.92	August 2016
Alieu K Jammeh	Building	1,760,000.00	327,577.59	1,866,756.65	31 th December 2018
Sheriffo Bojang	Building	450,000.00	113,200.91	371,953.70	1Jan 2017
Dr. Aboubacarr Senghor	Car	250,000.00	0	269,530.38	N/A
Neneh MacDouall Gaye	Building	1,200,000.00	264,645.92	1,195,799.67	31 th December 2018
Total		6,660,000.00	2,496,905.72	5,726,237.30	

3.10.2 Misclassification of account payable

Finding

Deposit accounts are accounts held by Accountant General on behalf of third parties and payments were raised upon request by the respective third parties.

We noted that the under listed accounts are deposits accounts but were misclassified as accounts payable.

Code	A/C Name	D
08-00-000-4-3-001-0000-0000000-00-0000-000000-00-411843	Sale of printed forms	28,650
23-00-000-4-3-001-0000-0000000-00-0000-000000-00-411840	National biodiversity trust fund	85,500
18-00-000-4-3-001-0000-0000000-00-0000-000000-00-411834	Sale of bidding documents	56,000
12-00-000-4-3-001-0000-0000000-00-00000000-00-411841	Cabinet revolving loan scheme fund	-96,744.16

Implication

There is a risk that the figure disclosed as payables and deposits in the financial statements were misstated.

Priority

High

Recommendation

We recommend that appropriate action taken to correct the errors.

Management response

The observation is noted and it will be addressed in due course.

3.10.3 Transit accounts not cleared at the year end

Finding

Transit accounts are bypass accounts use to facilitate the processing of transactions from one stage of payment schedule to another and should eventually be cleared at the year-end when the payment cycle is completed.

We noted that amounts held in transit accounts totalling at **D1, 953,903.60** were not cleared at the end of the financial year.

Details are shown in **appendix r**.

Implication

There is a risk that an account payable is not reconciled on a regular basis.

There is a risk that transactions were raised but not completed.

There is a risk that payments were raised but no corresponding debit memos or payment adjustments were raised to reverse the transactions.

There is a risk that the payable balance included in the financial statements is misstated.

Priority

High

Recommendation

The Accountant General's Department should provide explanations as to why these transit accounts were not cleared at the end of the year. Management should rectify and adjust the accounts payable balance disclosed in the financial statements.

Management response

This matter is noted and the respective balances will be adjusted.

Auditor's Comment

The balances were not adjusted in the relevant accounts up to the time of finalising this management letter.

3.11 Receivables

3.11.1 Un-presented imprest vouchers

Finding

Section 28 (6) of the Financial Regulations states that “*an imprest holder is responsible for the full amount of his or her imprest until it is retired*”

We noted that Imprest vouchers and their supporting documents (i.e. request letters, expenditure summary/ statements, receipts) amounting to D1, 160,500 for the year ended 2016 were not presented for audit. See details below:

Date	Account code	GFS Code	Imprest holder	Pv Number	D	Remark
7/3/16	VN002072	321810	General Ousman Bargie	07PV004745	1,000,500.00	Both PV and supporting document lacking
22/2/16	VN008110	321810	Mansa konko Sub Treasury	01PV008020	150,000.00	PV lacking
20/01/16	VN001713	321810	Neneh Amie Njie	01PV007632	10,000.00	Both PV and supporting document lacking
Total					1, 160,500.00	

Implication

There is a risk that the receivables figure in the financial statements is misstated.

Imprest vouchers and supporting documents not presented for audit cast doubts over the authenticity of such imprest payments.

There is a risk of poor filing of documents indicating an internal control weakness over the custody of documents.

Priority

High

Recommendation

The Accountant General's Department should take the necessary steps in ensuring that these imprest vouchers are presented for inspection.

In future, all imprest vouchers and supporting documents should be made available for audit inspection at the time of request.

Management response

AGD has sought the above imprest files from the respective departments and will provide for inspection when received.

Auditor's Comment

Imprest voucher totalling D10, 000.00 remained outstanding up to the conclusion of this report. Details are shown below:

Date	Account code	GFS Code	Imprest holder	PV Number	D	Remark
20/01/16	VN001713	321810	Neneh Amie Njie	01PV007632	10,000.00	Both PV and supporting document lacking
Total					10,000.00	

3.11.2 Missing Imprest retirement documents

Finding

Section 28 (2) of the Financial Regulations stipulates that “A disbursement from an imprest shall be properly documented and receipted” And

Section 28 (10) of the Financial Regulations stipulates that “An imprest holder shall retire or replenish an imprest by completing an expenditure statement and attaching to it, documentary evidence of disbursements, such as receipts”.

Our review noted imprest totalling D67, 560,751 claimed to have been retired had no expenditure statement and other supporting documents such as request letters and receipts.

Implication

There is a risk that these imprests were not genuine disbursements.

There is a risk that a receivable figure included in financial statements is misstated.

Priority

High

Recommendation

We request that the relevant documentation in respect of these imprests be made available to the audit team for inspection.

Management response

Date	Imprest Holder	Amount	Management response	Auditor's comment
3/9/2016	Binta Jammeh Sidibeh	150,000.00	Manual receipts and the retirement report are available for your inspection. Expenditure summaries are not a requirement for retirement of imprests once individual receipts are attached.	No expenditure statement and request letter attached for this Imprest.
12/21/2016	Muhammed Jammeh	73,105.00	Manual receipts and the retirement report are available for your inspection.	No expenditure summary statement attached for the Imprest.

Date	Imprest Holder	Amount	Management response	Auditor's comment
1/13/2016	Eduward T. Sambou	70,000.00	The manual receipts and system generated retirement report are available for your inspection.	No request letter & expenditure summary statement attached for the Imprest.
5/20/2016	Ajie Ceesay	50,000.00	The manual receipts and retirement report are available for your inspection.	No request letter attached for Imprest .
1/13/2016	Maolud Nabi Jarju	35,000.00	The manual receipts and system generated report are available for inspection.	No summary expenditure and request letter attached for Imprest.
4/18/2016	Malick Sillah	30,000.00	The request letter will be provided when received.	No request letter attached for Imprest.
4/20/2016	Gambia Embassy – Riyadh	31,261,776.00	An email is sent to the finance attachee at Riyadh to scan and email controls unit the contract document and certificate of ownership	No system receipt &imprest retirement report attached for the Imprest.
10/18/2016	Lt. General Ousman Bargie	6,918,955.00	The letter of request and manual receipts are available for your inspection, Imprest approvals are to be provided soon.	No expenditure summary statement, request and approval letter attached for the Imprest.
4/14/2016	Lt. General Ousman Bargie	6,541,795.00	The Request letter with an approval for allocation of funds is available for your inspection. However the imprest issue approval from MOFEA is yet to be presented by GAF	No expenditure summary statement and approval letter attached for this Imprest
1/28/2016	Lt. General Ousman Bargie	6,417,780.00	Receipt available for inspection Letter of request and approval from mofea to be received soon	No expenditure summary statement, request and approval letters attached for the Imprest.
22/2/16	Mansa konko Sub Treasury	150,000.00	PV presented but request, approval not attached.	Approval letters was not attached

Date	Imprest Holder	Amount	Management response	Auditor's comment
3/1/2016	Gambia Embassy-Havana	6,308,990.40	Controls have sent an email to the finance attachee at Havana to scan and email the copy of the tendency agreement with urgency Extracting expenditure returns in progress.	No expenditure statement, system receipt &imprest retirement report attached for the Imprest.
Total		D58,007,401.4		

3.11.3 Procurements without competitive bidding

Finding

Section 40 of the GPPA regulations 40 states that *“single source for procurement may not be justified on the grounds that only one bidder has the capacity or the exclusive right to manufacture or deliver goods, work or services if functionally goods, works or services from others bidders would meet the needs of procuring organisation.”*

During the audit, we noted procurements totalling D21, 578,530.00 in respect of food items that were not tendered even though they have exceeded the threshold for quotations.

There was no evidence provided to suggest that only the respective suppliers have the capacity to deliver or supply the goods. There was also no evidence of approval to use single sourcing for these procurements by GPPA. Details are shown in **appendix S**.

Implication

There is a risk that procurement might be made from favoured vendors thus stifling fair and transparent competition.

There is risk that value for money was not obtained for this procurement.

Priority

High

Recommendation

Accountant General's Department should ensure that no payment for goods is made that is contrary to procurement regulations.

In future such procurements should follow GPPA regulation.

Management response

These amounts were issued as imprests and AGD would not have any prior knowledge on how they will be spent by the imprest holders. However, measures have been taken to control the value of imprests that are issued and the way they are used.

Auditor's Comment

Payments relating to imprest are not exempted from complying with both financial and procurement regulations.

3.11.4 Partly retired imprest

Finding

Section 28 (11) of the Financial Regulations states, “*An imprest shall be retired on or before the last day of the financial year or on such earlier date as specified by the Permanent Secretary, when authorizing the imprest*”.

Sub section (13) further states, “*If an imprest holder fails to retire the imprest one month after the due date, the Permanent Secretary may levy a surcharge on the imprest holder equivalent to the amount outstanding on the imprest*”.

A review of imprest retirement from IFMIS and manual receipts revealed that imprests totalling **D1, 448,235.79** issued to the embassies and sub-treasuries were not fully retired contrary to the above Financial Regulations.

Details are shown in the table below:

Due date	Imprest code	Imprest holder	Pv Number	Amount issued	Amount retired as per receipt	Outstanding (GMD)
3/1/2016	IM579	Gambia Embassy- Havana	10PV003127	6,308,990.40	4,882,179.50	1,426,810.60
31/12/16	001IM616	Kerewan Sub Treasury	01PV008932	100,000.00	95,900.66	4,099.34
31/12/16	010IM551	Gambia Mission - United Nation	10PV002957	838,750.00	821,424.15	17,325.85
Total						1,448,235.79

Implication

This is a breach of financial regulations and undermines the accountability of public funds.

In the absence of relevant supporting documents, we could not determine whether all imprest issued were retired.

Priority

High

Recommendation

The Accountant General's Department should provide the required retirement receipts for our examination.

The Accountant General's Department should ensure that missions and sub treasuries with outstanding imprest are not issued additional imprest.

Management response

AGD is reviewing the retirement documentations in order to verify and address the actual outstanding retirements.

Auditor's Comment

A subsequent review of documentation provided revealed that imprests totalling D1, 459,706.79 remained outstanding up to the time of finalising this report. Details are shown below:

Due date	Imprest code	Imprest holder	Pv Number	Amount issued(GMD)	Amount retired as per receipt	Outstanding (GMD)
7/3/16	007IM217	General Ousman Bargie	07PV004745	1,000,500.00	996,229.00	4,271.00
3/1/16	IM579	Gambia Embassy- Havana	10PV003127	6,308,990.40	4,882,179.50	1,426,810.60
31/12/16	001IM616	Kerewan Sub Treasury	01PV008932	100,000.00	95,900.66	4,099.34
31/12/16	010IM551	Gambia Mission - United Nation	10PV002957	838,750.00	821,424.15	17,325.85
31/5/16	08IM000117	BABOUCA RR KAH		30,000.00	22,800.00	7,200.00
Total						1,459,706.79

3.11.5 Outstanding imprest balance from 2014 & 2015 financial years

Finding

Financial Regulation 28 (11) stipulates that *“an imprest must be retired on or before the last day of the financial year or such earlier date as specified by the Treasury Directorate or Permanent Secretary, when authorising the imprest”*.

From the review of schedule of outstanding imprests and the aged receivable reports, we noted outstanding imprests totalling D40, 014,346.91 that were brought forward from 2014. These balances have been outstanding for more than 3 years and still remained un-retired at the end of 2016.

Implication

Imprest not retired implies that funds originally issued remained unjustified. They might have been used for purposes other than those intended causing financial loss to the government.

Imprests rolling over for over 2 years could result in imprest holders defaulting on retiring imprests.

Imprest holders are no longer working in government or no longer exist thereby, making imprests outstanding unrecoverable.

Priority

High

Recommendation

Accountant General should provide evidence of measures taken to recover these outstanding imprests.

Management response

Two of the outstanding imprest holders have retired their imprests manually and the retirement documents are available for review. The rest have been sent letters reminding them of the outstanding unretired balances and the requirement to have them retired fully.

Auditor's Comment

We have reviewed the manual retirement documents provided and noted that imprest totalling D39,924,346.91 issued in 2014 are still not retired. Details are shown in revised **appendix t**.

3.11.6 Understatement of advances

Finding

Comparison of advances included in the Extended Trial Balance (ETB) against Detailed Transaction Listing (DTL) for the imprest account code (321810) revealed a difference of D751, 550.00. See details in the table below:

GFS Code	Description	Amount as per DTL	Amount as per ETB	Difference
321810	Imprest Account	142,262,091.82	141,510,541.82	751,550.00

Implication

There is a risk that advances disclosed in the financial statements are misstated.

Priority

High

Recommendation

The Accountant General's Department should make corrections in the revised financial statements.

Management response

An investigation into the matter reveals that the difference of 751,550.00 is as a result of difference in between the ETB and the DTL transactions in BE 01, BE 12.

The two reports would be aligned accordingly as part of the revision to the Financial Statements.

Auditor's Comment

The understatements were not corrected and adjusted in the revised financial statements.

3.11.7 Unconfirmed Pristine advance(receivable)

Finding

During the review of documents, we noted a receivable balance of D6, 082,034.00 due from Pristine. The Accountant General's Department could not provide any documentation to support this balance.

Implication

There is a risk that the receivable balance in the financial statement might be misstated.

Priority

High

Recommendation

The Accountant General's Department should provide the necessary documentation to support this balance so that appropriate recovery action can be taken.

Management response

Documents in respect of this balance were provided via email on the 24th August 2018 to the NAO Focal Person. These are still available at AGD for further inspection.

Auditor's Comment

We reviewed the documentation provided by Accountant General's Department showing an advance of D7, 966,514.00 to Pristine in June 2011 to purchase necessary consumables to allow them restart printing National Identification documents.

The balance of D6, 082,034.00 suggests that there was a payment of D1, 884,480.00 made by Pristine. However, we were not provided with any evidence to support the repayment.

3.11.8 Overstatement of outstanding imprest balance

Finding

We noted a difference of D102, 401,093.83 between detailed imprest report and the imprest figure included in the extended trial balance.

Details are shown below:

GFS Code	Description	Detailed Imprest report as at 2016	Amount as per ETB 2016	Difference
321810	Imprest Account	222,213,758.13	324,317,852.16	102,104,093.83

Implication

There is a risk that the receivable balance included in the financial statements is misstated.

Priority

High

Recommendation

The Accountant General's Department should provide explanation for this difference and also adjust the imprest balance in the revised financial statements.

Management response

Management will investigate the reason for this discrepancy. However, the Extended Trial Balance is the basis for the financial statements which is matching with the General Ledger balance.

Auditor's Comment

The difference amounting to D102, 104,093.83 was not adjusted in the revised extended trial balance (ETB).

3.11.9 Understatement of tax receivable

Finding

During the review of account balances, we noted a difference of D48, 250,792.00 between tax receivable balance included in the extended trial balance and actual GRA collections.

See details below:

GFS Code	Description	Amount as per ETB	Actuals GRA Collection	Difference (D)
321901	Tax receivable	287,873,476.21	336,124,268.21	48,250,792.00

Implication

Tax receivable balances recognised in the statement of financial position are understated.

There is a risk that other account receivable balances in note 17 of the financial statement as well as in the statement of financial position are distorted.

Priority

High

Recommendation

Management should adequately verify this difference and included as part of adjustments to be made in the 2016 revised financial statements.

Management response

The difference between the tax receivable balance included in the extended trial balance and actual GRA collections is as a result of some adjustments detailed below, and this would be adjusted as part of the revised Financial Statements.		
un- Adjusted Tax Receivable		-287,873,476.21
Add		
Import sales tax on oil understated	114121	93,740.00
Total		-287,779,736.21
Less:		
Fuel Levy overstated	114407	3,000.00
2016 CRF transfer erroneously captured on 15.03.2017		48,341,259.90
Total		48,344,259.90

Adjusted Tax receivable		-336,123,996.11
Auditors Tax Receivable		336,124,268.21
Difference		272.10

Auditor's Comment

We have confirmed that the differences are adjusted in the revised financial statements.

3.11.10 Differences in GRA returns

Finding

We noted a difference of D336, 124,268.21 during the reconciliation of actual GRA collections and the transfers to Consolidated Revenue.

Details are provided below:

Actual GRA Collections 2016(D)	Total transfers to CRF in 2016 (D)	Differences(D)
7,752,047,381.23	8,088,171,649.44	336,124,268.21

Implication

There is a risk of poor control over the receipt and accounting for revenue.

This may lead to a serious distortion in the financial statements if controls are not addressed over time.

Priority

High

Recommendation

There should be a regular periodic reconciliation exercise between Accountant General's Department and GRA.

Management response

AGD and GRA conduct periodic reconciliation of GRA revenue collections. The amount transferred to the CRF is within the opening balance of the tax receivable and collection for the period. However, the on-going reconciliation is looking in to the details.

3.12 Payroll

3.12.1 Personal files

Finding

A review of selected personal files revealed that documents such as birth certificate and acceptance letters were missing from some files. Details are shown in the table below.

Personal Files

Empl. No	Name	Hired Date	Position	Ministry	Grade	Remark
110669	Amadou Jallow	02/06/16	Senior Fisheries Assistant	25-Min of Fisheries & Water Resources	4	No birth certificate
137789	Momodou S. Jallow	26/01/16	Assistant Fisheries Officer	25-Min of Fisheries & Water Resources	7	No acceptance letter,
120169	Yaya Manneh	31/05/16	Agricultural Assistant	17-Ministry of Agriculture	6	No acceptance
140016	Ajara Dampha	01/10/16	Statistician	17-Ministry of Agriculture	8	No credential, no birth certificate
140679	Fanna Gai	01/11/16	ICT Officer	17-Ministry of Agriculture	8	No birth certificate
137053	Omar Jobarteh	21/02/16	Community Development Assistant	16-Ministry of Local Govt. & Lands	6	No birth certificate

Implication

In the absence of key documents on file, it will be difficult to establish the retirement date of these officers.

There is a risk that staff are employed without filing their personal data.

Priority

High

Recommendation

Management should ensure that periodic inspection of employees' personal files is carried out to ensure that these documents are on file.

Management response

Empl. No	Name	Hired Date	Position	Ministry	Grade	Remark	Management Response
110669	Amadou Jallow	02/06/16	Senior Fisheries Assistant	25-Min of Fisheries & Water Resources	4	No birth certificate	Noted, Although there is evidence of date of Birth on the application and confirmation form, a copy of the birth certificate will be attached.
137789	Momodu s. Jallow	26/01/16	Assistant Fisheries Officer	25-Min of Fisheries & Water Resou	7	No acceptance letter,	PMO is supposed to receive an acceptance letter before informing AGD for inputting in the system (NASDNA). Henceforth AGD should ensure that no new appointee is paid salary until acceptance letter is issued by PMO
120169	Yaya Manneh	31/05/16	Agricultural Assistant	17-Ministry of Agriculture	6	No acceptance	Not a new appointment. He had an appointment on promotion from G1 to G6. The acceptance letter would be in the MDA file.
140016	Ajara Dampha	01/10/16	Statistician	17-Ministry of Agriculture	8	No credential, no birth certificate	Noted, the application form and credential was not filed after the candidate was interviewed.
137053	Omar Jobarteh	21/02/16	Community Development Assistant	16-Ministry of Local Govt. & Lands	6	No birth certificate	Noted, Although there is evidence of date of Birth on the application and confirmation form, a copy of the birth certificate will be attached.

3.12.2 Under/overstatement of salary

Finding

A review of payroll information revealed overpayment of D5, 972.49 in respect of salary arrears while an underpayment of D797 was also noted. Details are shown in **appendix y**.

Implication

There is a risk of weak supervision and review over the processing of salary payments.

There is a risk that input forms from ministries are processed without proper review by senior officers.

Priority

High

Recommendation

This irregularity should be corrected and this furnished with relevant details for verification.

Management should ensure that there is adequate supervision and review during salary processing.

Management response

Empl. No	Name	Sal1 Form Amt	Payslip Amount	Difference	Remark	Management Responses
1906874	Sidibeh Momodou	14,906.00	14,109.00	797.00	One off basic salary arrears	The amount for the arrears should be D14,109.00 (10.1) as stated in the input form was incorrect
193369 139369	Pa Sanyang	1,102.18	3,539.04	2,432.87	One off basic salary arrears	The payslip is showing 2 months arrears (D1750.00) as opposed to the query
140116	Ousman Sanyang	7,246.12	7,347.74	101.62	One off basic salary arrears	The One off basic salary arrears is D3,054.00 not the amount disclosed
138369	Elizabeth B Mendy	6,876.00	10,314.00	3,438.00	One off basic salary arrears	The staff was paid for the first time in June

Empl. No	Name	Sal1 Form Amt	Payslip Amount	Difference	Remark	Management Responses
					indicates payment of two months in the salary form and three months in the payslip plus payment for may(appointment 17 march 2016) and input in 31/05/2016	instead of May 2016, therefore the extra month paid
Total				6,769.49		

Auditor's comment

This matter is now resolved.

3.12.3 Unpresented input forms

Finding

During the audit, we noted that salary input forms for 23 officers were not presented and remained outstanding up to time of finalising this draft management letter.

Implication

The absence of input forms will cast doubt on whether these employees are genuine staff.

Priority

High

Recommendation

We request management to provide these input forms for audit review.

In future, all requested information should be provided at the time of request.

Management response

Input forms for all listed officers are retrieved and available for your review.

Auditor's Comment

Outstanding input forms were provided and reviewed.

3.12.4 Unknown job title

Finding

The review of payroll information revealed instances where employees' designations or job titles were missing from the NASDNA.

Implication

There is a risk that these employees are paid incorrect salaries using wrong job titles.

There is a risk that these employees are not genuine staff.

There is a risk that payroll figure disclosed in the financial statements is misstated.

Priority

High

Recommendation

Management should take proper measures to indicate job titles of employees in the NASDNA.

Management response

The listed employees with unknown job titles are no longer on government payroll. However, AGD is working with the MDAs to ensure that any missing employee data is updated on the payroll.

3.12.5 Extension of contracts without authority

Finding

Section 02123 (e) of the General Orders states that “*No contract appointment shall exceed a maximum period of six years*”.

A review of contract files of employees at the Ministry of Education revealed 10 staff that has reached the maximum 6-year period but had their contracts extended for additional 2 years contrary to the provisions of the above regulations.

There was no evidence provided to show that approval was sought from the relevant authority before the extension of these contracts.

Emp.Id	Name	New contract extension period	
		Contract Start Date	Contract End Date
8002330	Mrs. Adama Sallah	01/09/2014	31/08/2016
8002630	Ndure Alhagie Dodou	01/09/2014	31/08/2016
8002205	Bolong Gassama	01/09/2014	31/08/2016
8002061	Oustass Dodou Ceesay	01/09/2014	31/08/2016
109749	Jallow Alpha Omar	01/09/2014	31/08/2016
8002324	Edrissa Jatta	01/09/2014	31/08/2016
113702	Sidibeh Momodou	01/09/2014	31/08/2016
8002201	Lamin Beyai	01/09/2014	31/08/2016
8000621	Sulayman Camara	01/09/2014	31/08/2016
121875	Ceesay Rohey	01/09/2014	31/08/2016

Implication

The Ministry of Education could not employ new staff whilst the pensioners remain on their payroll.

Priority

High

Recommendation

Explanation should be given as to why these contracts were extended beyond the regulatory limit.

Management response

The contract process started before the Reviewed General Order (2013 GO) was published. The previous GO did not have that limit (six years).

3.12.6 1x6 salary advance payments and recoveries

Finding

Review of 1x6 advance payments revealed a difference of D4, 658,692.87 between recoveries included in the detailed transaction listings and general ledger balance.

Details shown in the table below:

	Detailed transaction listing	General ledger	
	D	D	Differences(D)
1x6 advances	120,009,985.30		
1x6 recoveries		124,668,678.17	4,568,692.87

Implication

There is a risk that the recoveries are overstated in the general ledger due to system errors.

There is a risk that some staff were wrongly deducted leading to possible misstatement of the account balance.

Priority

High

Recommendation

Management should explain the excess recoveries of 1x6 advances and provide details to the office for verification.

Management response

Management has review this issue and have realised that the 1*6 advances amount to D135,130,231.59 and Recoveries amount to D131,205,402.97. Evidence of this is available for your Review.

Auditor's Comment

Review of documents provided showed a difference of D3, 924,828.62 between recoveries included in the detailed transaction listings and general ledger balance as detailed below.

	Detailed transaction listing	General ledger	
	D	D	Differences(D)
1x6 advances	135,130,231.59		
1x6 recoveries		131,205,402.97	3,924,828.62

3.13 Noncompliance with IPSASs

3.13.1 Government Business Enterprises not consolidated

Finding

IPSAS 1.6.5 dealing with the scope of consolidated financial statements stipulated that “A controlling entity, other than a controlling entity identified in paragraphs 1.6.7 and 1.6.8, should issue consolidated financial statements which consolidates all controlled entities, foreign and domestic, other than those referred to in paragraph 1.6.6.

In the preparation of these financial statements this requirement was not met.

Implication

The financial statements did not meet the requirements of the reporting framework.

Priority

High

Recommendation

We recommend that the GBEs be consolidated in compliance with IPSAS.

Management response

IPSAS 1.6.20 states: the following disclosures should be made in consolidated financial statements:

- (a) *A listing of significant controlled entities including the name, the jurisdiction in which the controlled entity operates (when it is different from that of the controlling entity); and*
- (b) *The reasons for not consolidating a controlled entity.*

In accordance with IPSAS 1.6.20 paragraph (b), government business entities have not been consolidated as part of government financial statements because government follows IPSAS accounting standards and GBEs follow IFRS. Also, the basis of accounting for government is cash basis while GBEs follow the accrual basis of accounting. These facts have already been disclosed in the financial statements for 2016 under point 1 (a) of the commentary on the Financial statements by the Accountant General.

Furthermore, the consolidation procedures as identified in IPSAS 1.6.16 (c) states that ‘consolidated financial statements should be prepared using uniform accounting policies for like cash transactions. If it is not practicable to use uniform accounting policies in preparing the consolidated financial statements, that fact should be

disclosed together with the proportions of the items in the consolidated financial statements to which the different accounting policies have been applied’.

Government and GBEs use different accounting policies (e.g. Revenue accounting, accounting for expenditures, and depreciation of fixed assets etc.) thus; Consolidation of the Government Business Enterprises as part of Government financial statement is not feasible.

In order to enhance the reliability, consistency and faithful representation of government financial statements, government decides to disclose the net-worth of the GBEs in the government financial statements for 2016.

Based on the above, in our opinion government has fully complied with IPSAS.

Auditor’s Comment

Disclosure of your inability, does not absolve you from compliance. The financial statements should not have been declared IPSAS compliant.

3.13.2 Comparative Information

Finding

IPSAS 1.4.18 “In some cases, narrative information provided in the financial statements for the previous period(s) continues to be relevant in the current period.

For example, details of a legal dispute, the outcome of which was uncertain at the last reporting date and is yet to be resolved, may be disclosed in the current period. Users benefit from knowing that the uncertainty existed at the last reporting date, and the steps that have been taken during the period to resolve the uncertainty.”

There is no such disclosure in the financial statements.

Implication

The financial statement(s) do not meet the requirements of this section of the IPSAS(s).

Priority

High

Recommendation

The Accountant General should disclose the uncertainty that existed at the last reporting date in narrative information and the steps that have been taken to resolve the uncertainty.

Management response

Explanatory notes/updates in respect of disclosures of uncertainties in previous years will be provided in the Revised Financial Statements.

Auditor’s Comment

Explanatory notes regarding uncertainties at the last financial reporting date were not included in the revised financial statements.

3.13.3 Correction of errors

Finding

IPSAS 1.5.2 “*An entity should disclose in the notes to the financial statements the following:*

- (a) The nature of the error;*
- (b) The amount of the correction; and*
- (c) The fact that comparative information has been restated or that it is impracticable to do so”.*

Errors that arose in the cash balances were not disclosed in line with the reporting framework.

Implication

The financial statements did not meet the requirements of the reporting framework.

Priority

High

Recommendation

The Accountant General should disclose the nature and amount of correction of errors as per the above IPSASs.

Management response

Errors relating to prior year financial statements, and their subsequent adjustment/corrections, will be disclosed in the revised financial statements.

Auditor’s Comment

Errors in respect of cash balances were not disclosed in the revised financial statements in line with the reporting framework.

3.13.4 Comparison of Budget and Actual Amounts

Finding

IPSAS 1.9.8 (c) *“By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes”*

IPSAS 1.9.12 *“An explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departures from the approved budget for which the entity is held publicly accountable”.*

The financial statements revealed material difference between budgeted and actual expenditure. We sought for explanation from officials at Accountant General's Department for these material differences but no explanation was received.

Implication

The financial statements do not meet the requirements of the reporting framework.

Priority

High

Recommendation

The Accountant General's Department should provide explanations on these material differences between budget and actual.

Management response

Explanation of possible causes of material differences between budgeted and actual amounts will be incorporated in the Revised Financial Statements.

Auditor's Comment

Explanatory notes on material differences between budgeted and actual amounts were not disclosed in the revised financial statements.

3.13.4 Disclosures of Budgetary Basis, Period and Scope

Finding

IPSAS 1.9.33 *“An entity shall explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget”*.

These financial statements did not include the disclosure of the budgetary basis and classification adopted.

Implication

The financial statements did not comply with the requirement of the above standard.

Priority

High

Recommendation

Disclosure note should be made to explain the budget basis and classification adopted in the financial statements.

Management response

This will be disclosed in the Revised Financial Statements.

Auditor’s Comment

Budget and classification basis adopted were not disclosed in the revised financial statements.

4.0 Follow up on prior year matters

In our Management Letter in respect of financial years 2014 and 2015, we reported a number of issues which need urgent action.

Follow up discussion with the Accountant General's Department was made to confirm if action was taken to resolve the issues. The table below details the status of implementation of the recommendations.

Paragraph	Finding	Implementation status	Management response	Auditor's Comment
3.2.2	We noted differences between note 15 (cash and cash equivalents), Cash book balance and General ledger reports for 2014 and 2015. Details are provided in appendix b.	Not Implemented	No management response	The issue remained unresolved up to time finalising this draft management letter
3.2.10	Government accounts totalling D34, 468,028.87 and \$ 1,386.53 which were held in commercial banks as at 31 December 2014 and 31 December 2015 respectively that were not included in the financial statements of the Government. Details of the accounts are provided in appendix e.	Not Implemented	This will be disclosed in the revised financial statement.	Disclosure confirmed
3.8.1	Wrong disclosure of the outstanding balance of contingent liability in respect of NAWEC-ING loan. The amount disclosed in the financial statements was stated in Euros (€ 8,939,150) and not translated in the functional currency.	Not Implemented	This will be adjusted accordingly.	Disclosure confirmed

Paragraph	Finding	Implementati on status	Management response	Auditor's Comment
3.8.2	Non-disclosure of contingent liability		Update was received from Ministry of Justice and disclosure will be made in subsequent financial statements.	Disclosure confirmed
3.9.2	No Losses Advisory Committee for the period under review. As a result, the procedures dictated in the FR with regards to Losses of public monies were followed.	Not Implemented	Minutes of the Committee sitting was shared through email and this is available for review.	Minutes of the Committee sitting were not shared up to the time of finalising this management letter
3.16.2	Grants totalling D335, 832,969.96 disbursed directly to the sectors, for which MoFEA has no records.		This information will be disclosed in the 2016 adjusted financial statements.	Disclosure confirmed
3.16.5	Borrowings between Government and State Owned Enterprises not disclosed In the Financial Statement	Not Implemented	The stated borrowings will be verified and disclosed in the revised 2016 financial statements.	The issue remained unresolved up to time finalising this draft management letter
3.18.1	Un-presented 1x6 loan advance payment vouchers revised appendix r.		The vouchers have been retrieved and are available with the Deputy Accountant General Treasury for verification.	The issue remained unresolved up to time finalising this draft management letter
3.21.2	We noted that there were liabilities with regards to litigation cases on the already decided cases that are not disclosed in the Financial Statement for the period 2014 and 2015 respectively.	Not Implemented	Update was received from Min. of Justice and disclosure will be made in subsequent financial statements.	The issue remained unresolved up to time finalising this draft management letter

Paragraph	Finding	Implementation status	Management response	Auditor's Comment
3.12.1	No IT strategy plan for CS-DMRS that directs the IT investment towards achieving organisational objectives.	Not Implemented	CSDRMS is a single system within the IT Infrastructure therefore its strategic plan will be incorporated in main IT Strategic Plan for MoFEA, Which is currently under development.	Confirmed
3.12.2	No documented maintenance schedule with regards to the CS-DMRS.	Not Implemented	There is IT Maintenance Plan for your review.	Reviewed and confirmed accordingly
3.12.3	No approved IT Security Policy in respect of the operations of the CS-DMRS.	Not Implemented	There is MOFEA Security Policy, available for review.	Reviewed and confirmed accordingly
3.12.4	Anti-virus not regularly updated.	Not Implemented	Anti-Virus was purchased and installed on all the Computers and servers, and these are updated regularly.	Reviewed and confirmed accordingly
3.12.7	No approved backup and retention strategy in place with regards to CS-DMRS. Where backups are performed, they are not regular.	Not Implemented	Management response There is backup and retention policy, available for review.	Reviewed and confirmed accordingly
3.13.4	Inadequate IT Control Environment such as: <ul style="list-style-type: none"> No documented and tested emergency procedure(s) in place 	Not Implemented	MoFEA has a backup and Retention Policy that covers the Emergency Procedures. This is available for your Review.	The issue remained unresolved up to time of finalising this draft management letter

Paragraph	Finding	Implementation status	Management response	Auditor's Comment
3.15.2	Partly retired imprest of D9, 991,392.79 and D 2,116,868.66 for 2014 and 2015 respectively. Details are provided in appendix j.	Not Implemented	AGD is reviewing the retirement documentations in order to verify and address the actual outstanding retirements.	The issue remained unresolved up to time finalising this draft management letter
3.15.4	Un retired imprest of D8, 758,900.00 is still outstanding up to the close of the audit. Details are provided in appendix k	Not Implemented	No response	The issue remained unresolved up to time finalising this draft management letter