

# SUMMARISED AUDIT REPORT

**Financial Statements of the Government of The Gambia**

**FINANCIAL YEAR 2017**



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  - Irregular procurement
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# PURPOSE

This summarized audit report was designed for the understanding of audit findings on the financial statements of the government of The Gambia for the year 2017. In this report, we have summarised and provided a snapshot of the key issues from the 2017 audit based on their implementation status and importance in achieving progress in financial control and management.

The full report and management letter for the 2017 financial statements of the government of The Gambia is available on our website

<https://nao.gm/audit-reports/>

Hard copies can also be obtained from the Gambia National Library and the NAO Office in Kanifing.



We would like to express our gratitude to **Gambia Participates**, for collaborating with us for the second time in developing another simplified summary, especially in providing citizen-centric findings.

We have also received feedback from development partners, and international community on our 2016 Summarized Audit Report that have been used to improve the content, structure and language for this summary.

# INTRODUCTION

In December 2019, we completed and submitted the audited 2017 financial statements of the Government of The Gambia. With this step, our efforts and goal on meeting the audit backlog challenge became closer. In February 2021, the National Assembly Finance and Public Accounts Committee (FPAC) met to discuss the report, and submitted recommendations to follow up on the prior year issues that remained unresolved, as well as crucial findings in the main 2017 audit report.

In this summarised audit report, we have classified the audit issues into three main headings:

- Irregular Procurement
- Improper Bank Account Management
- Improper Debt Management

Under these headings, we have simplified the main and high-risk findings that we believe citizens should know, and where stakeholders should take action to improve the Government's financial management systems and accountability structures.

The NAO still faces the challenge of tracking, follow-up and action on the recommendations provided in the audit reports. The Directorate of Internal Audit and National Assembly (NA), could improve the follow-up activities in ensuring that the recommendations are acted upon by the institutions that we report on; and the reports are discussed in order for citizens to have access to the reports and ultimately increase impact. We are hopeful that through public access to this report and other simplified reports, positive results around improved financial and resource management will be achieved.

# SUMMARY OF THIS REPORT

Upon completion of the audit, and reviewing all submitted documents we have the opinion that the financial statements of the Government of The Gambia did not reflect the financial position of public expenditure, and has therefore been classified as an Adverse Opinion.

Our decision was impacted by several irregularities, including huge sum of money not properly explained for, and others that were not justified or evidenced such as absence of receipts, irregular bank reconciliations, etc

The key issues briefly mentioned above can be highly linked to poor internal control systems and disregard for the Public Finance Act 2014 and financial regulations and guidelines. Some of these findings are subjects of previous years audit reports but our recommendations to address the issues were not implemented.

You can read the full Opinion and Key Audit Matters from pg 1-7 of the 2017 Audit Report on [www.nao.gm](http://www.nao.gm).

# IRREGULAR PROCUREMENT

About **D17 MILLION** was spent in purchasing eight(8) vehicles by the Office of The President. When we reviewed the GPPA approved documents and Major Tender Board minutes, we noticed that all correspondence indicated that seven(7) vehicles were bought instead of eight(8)



There is a risk that the procurement process was done without the involvement or approval of the Major Tender Board (appropriate procurement authority), and that the supplier was favored in the award of the contract due to the lack of transparency in the process.

(See page 14-15 of the 2017 Management Letter)

**The Office of the President paid** a supplier **D22.5 MILLION** for renovation works at State House through single sourcing. We noted that payment was made to the supplier a week after signing the contract, with an excess payment of **D424, 680** between the agreed amount and paid amount.

We detected a high risk of lack of transparency in contracting as the contract may have been awarded after the completion of work. **The work was also not certified by the Ministry of Works.** Although **Gambia Public Procurement Authority (GPPA)** issued “**no objection**” to the procurement, there is a high risk of potential loss of public funds in non-transparent bidding processes.

(pg 16 - 18 of the 2017 ML for full details )

## CONT...



Payment of **D21.8 MILLION** was made to a supplier for delivering furniture, household and other office equipment for the Office of the President, without documentary evidence for the procurement or for choosing that supplier.

In the absence of committee meeting minutes and justification for single sourcing, **we fear that there is a high risk of loss of value for public money in the absence of fair and transparent procurement**

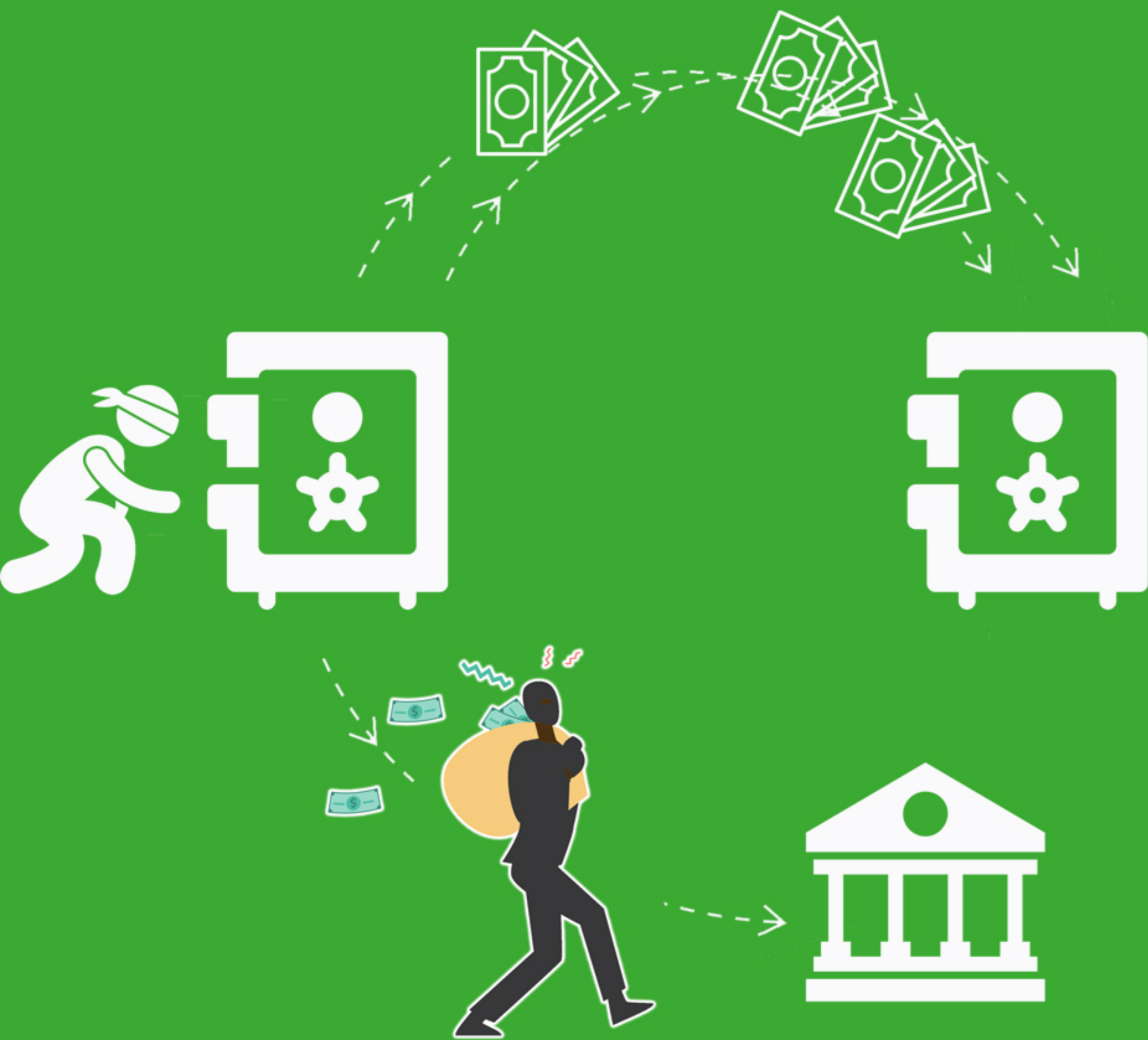
(pg 19-20 of the 2017 ML)

Procurements above **D10 MILLION** should be approved by the Major Tender Board. However, a payment of close to **D11.5 MILLION** was made to a supplier for the **purchase of six(6) motor vehicles for cabinet ministers without any approval** from the Major Tender Board, or for single sourcing approval by GPPA. **Review of further documents showed that this procurement was done through directives issued by OP and bypassed procurement processes.**

This among other things shows weak internal contract committee, violation of GPPA regulations and a possible inflation of prices leading to misuse of public funds.

(pg 21-22 of the 2017 ML)

# IMPROPER BANK ACCOUNT MANAGEMENT



All department self-raised revenue should be transferred to the **Consolidated Fund at Central Bank**, but we noticed that receipts totaling **D183.6 MILLION** were held in commercial bank accounts and managed

from the Office of The President. There was **no evidence to show that approval was granted by the Ministry of Finance and Economic affairs** to use this money for something else, or to keep it in these accounts.



There is a risk that funds are not used for their intended purpose, and the unauthorized opening and management of this account could lead to misuse of public money

(See page 45-46 of the 2017 Management Letter)

# CONT...



All accounts and withdrawals should be made with approval from the **Accountant General**. “**Special Security**” accounts which were closed on our recommendation where opened again with the **same account name but a different account number and withdrawals** totalling to **D669 MILLION** were made from the accounts.



We could not determine the balance on closure during the audit of these accounts, or whether the funds were used for approved budgeted activities because statements were not provided.



**This is a violation of the Public Finance Act 2014.** The transfers and activities on these accounts may be different from those approved by the National Assembly or the public funds used for disbursement that is not genuine.

See pg 47-48 and 50-55 of the ML)

# IMPROPER DEBT MANAGEMENT



Government of The Gambia in 2017, **provided loans to State Owned Enterprises (SOEs)** amounting to **D11 BILLION**. In the absence of assessment of revenue forecast as well as borrowing limits, then the risk of not paying back these loans is high.

**!** Additionally, there is no proper record management system at the Ministry of Finance to know the outstanding debt balance of these SOEs and come up with plans to recover the debts when necessary.

If the SOEs are not able to pay back the loans, government will have to eventually write them off since there was no proper record management system to determine the outstanding debt balance of SoEs and the inability to accurately assess the amount of loans each SoE should be given.

In 2017, unbudgeted interest payments were made on government debts amounting to **D121.5 MILLION**. With no clear budget line in the **National Assembly approved budget for 2017**, there is a risk that this amount was misstated and therefore indicates a weak supervision of the budgetary review process.





# ABOUT THE NATIONAL AUDIT OFFICE

**The National Audit Office** is the **Supreme Audit Institution** of The Gambia responsible for reporting to the National Assembly on how public funds have been used and accounted for by the Government of The Gambia. Our yearly audits on the government financial statements, provide the National Assembly with facts and issues of finance management to take action on. Other audits, such as performance audits and regulatory audits of local government provide reports on how public services are delivered to citizens.

Our reports are available at the **National Public Library** and on our website on [www.nao.gm](http://www.nao.gm)



# USE OF THIS REPORT SUMMARY

As we identify more accessible ways for our different stakeholders to engage with our report and increase accountability, we think that this summary report will be useful to media, civil society, academia and other stakeholders interested in public resource management and auditing.

The PDF Version of this report can be access on the NAO website [www.nao.gm](http://www.nao.gm).

This Summarized Audit Report shall not be modified or its contents edited without approval of the National Audit Office. For any requests, please contact us on [info@nao.gm](mailto:info@nao.gm).

We would love to hear your feedback on this simplified report to enable us improve on our citizen-centric audit products. You can forward your feedback to [info@nao.gm](mailto:info@nao.gm) or on any of our social media handles:

Twitter: [@NAOGambia](https://twitter.com/NAOGambia) and LinkedIn: [National Audit Office, The Gambia](https://www.linkedin.com/company/national-audit-office-the-gambia).

Together, we can help improve accountability and transparency in the use of public resources.