



# NATIONAL AUDIT OFFICE

Ref: HC 93/407/01 Part II (59)

**Kuntaur Area Council performed by the Auditor General**

**Addressee:** Chief Executive Officer,  
Kuntaur Area Council  
Kuntaur

Date: 11/05/2020

Dear Sir

The transactions of Kuntaur Area Council are subject to audit by the Auditor-General in terms of section 75:01 part 111 of the Laws of the Gambia, 1990 Edition and Section 13 (1) of the Local Government Finance and Audit Act, 2004.

## **FINAL MANAGEMENT LETTER: AUDIT PERFORMED FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2018**

### **INTRODUCTION**

The audit of Kuntaur Area Council for the period 1 January – 31 December 2018 was completed, and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

### **SCOPE AND DETERMINATION OF RESPONSIBILITY**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

The audit will also include an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Accounting Officer. Our responsibility is to express our opinion on these financial statements.

The audit findings which were identified during the course of the audit are included below.

### **MANAGEMENT RESPONSE**

A draft management letter was issued on 12 March 2020 which was responded to by the management. In this letter we have collated all matters raised along with the associated responses from the management.

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Kuntaur Area Council during the audit.

Yours Faithfully



Bakary Trawally

**For: Auditor General**

**Cc:** Permanent Secretary, Ministry of Finance and Economic Affairs  
Permanent Secretary, Ministry of Lands and Regional Administration  
Chairman, Kuntaur Area Council

*Kanifing Institutional Layout, Bertil Harding Highway, Kanifing, The Republic of The Gambia*

*Email: [info@nao.gm](mailto:info@nao.gm) Tel: +220 9962251 / +220 2042511*



**NATIONAL AUDIT OFFICE OF THE GAMBIA**

---

**FINAL MANAGEMENT LETTER (With Management Response)**

**AUDIT OF KUNTAUR AREA COUNCIL**

**FOR THE PERIOD 01 JANUARY TO 31 DECEMBER 2018**

---

**MAY 2020**

*National Audit Office Bertil Harding High Way*

## Contents

1.0	Background .....	3
1.1	Powers and Responsibilities of The Auditor General.....	3
1.2	Financial Responsibilities of officers of council .....	3
1.3	Audit objectives .....	3
1.4	Methodology .....	4
1.5	Audit Scope .....	4
1.6	Priority Ranking .....	4
1.7	Management Response .....	5
1.8	Appreciation.....	5
2.0	Detailed Finding.....	6
2.1.1	Dormant establishment committee.....	6
2.1.2	Non-appointment of council clerk.....	7
2.2.1	Non-existence of Operational plan .....	8
2.2.2	Lack of a disaster recovery plan or Business continuity plan .....	9
2.2.3	Lack of risk management policy .....	10
2.2.4	Incomplete Establishment register/ Personnel file .....	10
2.2.5	Non-receipt of Government Grants .....	12
2.2.6	Transfer of Revenue Components .....	13
2.3.1	Fuel Register .....	14
2.3.2	Incomplete Asset Register .....	15
2.4	Improper maintenance of cashbook.....	16
2.5	Segregation of Duties.....	17
2.6	Pre-audit of payments vouchers.....	18
2.7	Non-existence of petty cash (imprest) system .....	19
2.8	Posting in Ranges .....	20
2.9.1	Non-Payment of Income Tax.....	21
2.10	Improper recording of payments .....	23
2.11	Posting of basic salary in the Cashbook .....	24
2.12	Missing Vouchers .....	25
2.13	Differences in Voucher Amounts and Amounts in the Cashbook .....	27
2.14	Duplicate Payment Voucher Numbers: .....	28
2.15	Payments without enough supporting documents .....	30
2.16	Difference between voucher amount and the supporting documents attached.....	31
2.17	Unposted Collection .....	32
2.19	Withholding tax.....	35
2.20.2	Suppression of Revenue .....	37
2.20.3	Under and Over Lodgements .....	37
2.21	Misclassified budget lines.....	40
2.22	Bank Reconciliation .....	42
2.23	Contracts .....	43
2.24.0	Financial Statements.....	46
2.24.1	Unreliable Income & Expenditure Statement.....	46
3.0	Follow up on Prior Year Recommendations.....	48
3.1	Lack of regular council meetings .....	48
3.2	Lack of Segregation of Duties.....	49
3.3	Understatement of Revenue .....	49
3.4	Absence from Work.....	49
3.5	Incomplete Contract with GAMWORKS.....	50
4.0	Annexure: .....	51
Annex A:	missing payment vouchers .....	51
	unpresented payment vouchers .....	54
Annex B:	Difference in voucher amounts and amounts in the cashbook.....	55

## **1.0 Background**

### **1.1 Powers and Responsibilities of The Auditor General**

The Constitution requires the Auditor General to audit and report at least once annually on all government institutions. In pursuance of this mandate, we have undertaken the audit of Kuntaur Area Council and presented the result of the audit in the Management Letter.

The Management Letter details the findings which have arisen from the audit of the Kuntaur Area Council for period 01 January to 31 December 2018. It encompasses the deficiencies in the revenues generated, expenditures on development and other charges, payroll and cash and bank.

Each finding in the management letter is given implications, risk ranking, and recommendations.

### **1.2 Financial Responsibilities of officers of council**

Financial and Accounting Manual for Local Government Authorities dealing with financial responsibilities of officers of Council, 102 on duties of accounting officers and 103 on pecuniary responsibility of officers, amongst others are clear about where the financial, accounting and pecuniary responsibilities of officers of Council lie.

Section 17(1) of the Local Government Finance and Audit Act 2004 stipulate that a Council shall keep proper books of account and other records with respect to, and in relation to the accounts and shall balance its accounts for the year and produce statements of accounts in accordance with the financial manual.

### **1.3 Audit objectives**

The objectives of this audit are to gain reasonable assurance that:

- All expenditures incurred were authorized, approved and certified for payment, supported with adequate documentation and correctly classified;
- Processes and procedures for the procurement of goods and services were in accordance with Constitutions of the Gambia, Gambia Public Procurement Act, Financial Memorandum and Local Government Act;
- Revenue collections are accounted for and promptly banked;
- Bank reconciliation are performed and reviewed regularly;
- An inventory and fixed assets register were maintained to record fix assets of the Council; and

- A sound system of internal control was in place and operating effectively.

#### 1.4 Methodology

We conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization 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.

These standards require us to plan and perform the audit so as to obtain all the information and explanations which we consider necessary in order to obtain assurance that the financial transactions are free from material misstatement, whether caused by fraud, error or other irregularity and whether, in all material respect, the expenditures and revenues have been applied in accordance with applicable laws and regulations.

Our audit involved performing procedures to obtain audit evidence about the information presented in the financial records and performance information and compliance with any applicable laws and regulations related to financial records and other related transactions.

#### 1.5 Audit Scope

The audit focusses on activities of Kuntaur Area Council for the period 01 January to 31 December 2018.

#### 1.6 Priority Ranking

Detail findings have been given a priority ranking of High, Medium or Low. This grading represents the estimated level of risk resulting from the issues identified. A summary of the ranking of these findings is provided in the table below.

Priority	Number of findings
High	27
Medium	7
Low	0

Where the risk is identified **high**, it is imperative that immediate action is taken to address the matter. Failure to address the matter may result to significant weakness, material misstatement or loss.

Where that risk identified is ranked **medium**, corrective action should be taken on the matter as soon as possible, at least within the financial year in which the risk is reported.

Where the risk identified is ranked **low**, it is desirable that corrective action be taken as it will result in enhancing controls and improve efficiency.

### 1.7 Management Response

We have also included a section for management comments under each finding. This section is for you to give feedback on the above finding. We propose that you provide your response in the following format:

Management Response	
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

### 1.8 Appreciation

We would like to take this opportunity to express our gratitude to all staff of the Kuntaur Area Council for their cooperation and assistance during the audit exercise.



## **2.0 Detailed Finding**

### **2.1.0 General council**

#### **2.1.1 Dormant establishment committee**

As stipulated in part (iii) section 37 of the local government Act 2002

##### **Function of the establishment committee**

37. The Establishment Committee shall, subject to this Act and any other enactment, be responsible for –

- a) recommending to its Local Government Service Commission the appointment, dismissal, conditions of service and discipline of officers and other employees of its Council and any matters connected therewith; and
- b) such other functions as its Council may deem fit.

##### **Finding:**

Discussion with the chairman and review of documents reveals that the general council set up three sub-committees namely Finance Committee, Establishment Committee and Development Committee. According to him only the development and the finance committee do conduct meeting. Establishment committee is dormant.

We further noted that the setting up of the sub-committees were made without putting into consideration to relevant criteria (e.g. area of specialisation). However, the Chairman revealed that a request was made for the councillors to submit their credentials but only few members did submit.

##### **Implication:**

In the absence of sub-committee minutes and relevant criteria in selecting the members could result to inefficiency in carrying their oversight responsibilities.

##### **Priority Ranking:**

Medium

##### **Recommendation**

In selecting the sub-committee, the Council should ensure that consideration is given to the relevant criteria.



Management Response	
Action to be taken	The chairman will revisit the setting-up of the sub-committee based on relevant criteria (e.g. area of specialisation) the chairman will further request from the remaining councillors to submit their credentials so as to carry out their oversight responsibility.
Officer responsible for remedial action	The Chairman being the head of the councillors is responsible for remedial action.
Date when situation will be regularized	The situation will be regularised upon submission of the remanding credentials from the councillors.

### 2.1.2 Non-appointment of council clerk

The Local Government Act 2002 as mentioned below, instruct the appointment of a council clerk.

44.(1) There shall be a Clerk of each Council who shall be appointed by the Local Government Service Commission.

(2) The Clerk of a Council shall be responsible for -

- (a) taking minutes of Council meetings;
- (b) keeping records of Council meetings;
- (c) organising meetings of the Council and its committees; and
- (d) discharge such other duties as may be assigned to him or her.

(3) The Clerk shall be answerable to the Chairperson in the performance of his or her functions

### Finding

Interview with management and review of council meeting minutes revealed that there is no clerk employed at the council, thus minutes are taking by an assigned staff (Admin. Assistant). The minutes are not signed by the assigned staff it is only sign by the CEO and the chairman.

## Implication

There is a risk that the information contained in the minutes cannot be authenticated by way of appropriate signature of the scribbler.

## Priority Ranking of Finding:

Medium

## Recommendation

Management is urged to ensure that a council clerk is employed, and all minutes are duly signed by the assigned staff and adopted by the appropriate authority before they are filed.

Management Response	
Action to be taken	The chief executive officer will take action by informing the local government service commission about the vacant position of a council clerk which need to be filled as a matter of urgency
Officer responsible for remedial action	The chief executive officer as head of administration is responsible for remedial action
Date when situation will be regularized	As soon as the position is advertised by the local government service commission to fill the position.

## 2.2.0 Internal control

### 2.2 .1 Non-existence of Operational plan

The purpose of the operational plan is to provide organisation personnel with a clear picture of their task and responsibilities in line with the goal and objectives contain within the strategic plan

## Finding

Enquiry from management and review of documents revealed that there exists a strategic plan for the council, but there is no operational plan for the period under review for its implementation.

## Implication

In the absence of an operational plan, the strategic plan may not be implemented to good effect. This is because there may not be specific annual activities to perform in pursuit of the strategic plan.

**Priority Ranking of Finding**

Medium

**Recommendation**

Management is urged to develop annual operational plan using the overall strategic plan as the basis. The two documents should always be used in conjunction in order to realize the full effect.

**Management Response**

No management response was provided.

**2.2.2 Lack of a disaster recovery plan or Business continuity plan.**

A disaster recovery plan, is a plan for business continuity in the event of a disaster that destroys part or all of a business's resources, including IT equipment, data records and the physical space of an organization whilst business continuity plan provide procedures for how employers and employees will stay in touch and keep doing their jobs in the event of a disaster or emergency.

**Finding**

Our review of files, and interview with key staff of the council revealed that there exists no disaster recovery plan for the Council. An instance of disaster (fire outbreak) had occurred at the council where the office of the chairman has been affected.

**Implication**

Without a proper disaster recovery plan the council may struggle to replace and/or retrieve information lost during disaster.

**Priority Ranking of Finding**

Medium

**Recommendation**

Management is urged to maintain a disaster recovery plan to help the recovery of assets and information lost during disaster.

Management Response	
Action to be taken	The management of council is to take action and set a disaster recovery plan or business continuity plan
Officer responsible for remedial action	The chief executive officer is responsible for remedial action

Date when situation will be regularized	Before end of June 2020, the issue will be table before the general body (councillor) for adoption and setting up of a disaster recovery plan or business continuity plan.
---	--

### 2.2.3 Lack of risk management policy.

#### Finding

Our finding reveals that the council has no risk management policy in place to cater for unforeseen risks.

#### Implication

Without a proper and accurate risk management policy may lead to non-performance of risk assessment processes. Without this policy the council may not be able to identify, reduce and prevent unwanted outcomes and review past incidents and implement changes to prevent future incident.

#### Priority Ranking of finding

High

#### Recommendation

Management is urged to asses, draft and maintain a proper risk management policy as a guide.

Management Response	
Action to be taken	The management of council will take action to assess, draft and maintain a proper risk management policy as a guide
Officer responsible for remedial action	Chief executive officer is responsible for remedial action
Date when situation will be regularized	Equally before end of June 2020, the matter will be table before the general body, (councillors) for adoption and implementation.

### 2.2.4 Incomplete Establishment register/ Personnel file

Local Government Accounting Manual section 503 subsection (I) stipulates that *"Finance staff must keep proper records of salaries, wages and allowances payable and paid to all employees of the council. "ESTABLISHMENT REGISTER" is to be maintained for purpose of recording details of all the employees of the council as follows:*

- a) *The name of the officer /employee*
- b) *Date of birth*
- c) *The position and grade*
- d) *The salary per annum*
- e) *The incremental date of the officer /employee*
- f) *Staff employment number.*

### **Finding**

Our review of a sampled staff personal files revealed the following:

- Missing records including birth certificates and/or Identification cards;
- Inconsistent dates of birth on different certificates;
- Missing application letters for several employees;
- Some staff designation not indicated on the establishment register and no record of promotion at different stages of their employment.

See the table below for details:

<b>Staff name</b>	<b>Designation</b>	<b>Documents missing</b>
Lamin S. Keita	Revenue Collector	Application and confirmation letters, letter of promotion and certificate of character.
Musa Bala Cham	IT Officer	Confirmation letter, letter of promotion, certificate of character and birth certificate.
Lamin Kujabi	DoPD	Application, appointment and confirmation letters
Madi Gaye	Market Collector	No documents in the file
Faal Nyang	Health Labourer	Only offer of appointment in the file
Pa-Madi Mbye	Revenue Collector	Confirmation letter, letter of promotion, certificate of character and birth certificate.
Musukuta Jaiteh	Market Collector	Only acting appointment letter in the file
Ansumana Seckan	Revenue Collector	Birth certificate and certificate of character
Ebrima Touray	Health Labourer	Certificate of character, application and confirmation letters
Ba-Saidou Jaiteh	Health Labourer	Application and confirmation letters, letter of promotion and certificate of character.
Gibb Jallow	Secretary	Application and confirmation letters, letter of promotion and certificate of character.
Modou Mbye	Revenue Collector	Application, appointment and confirmation letters, letter of promotion, certificate of character and birth certificate
Ba-Foday Jawla	Day watchman	Application and confirmation letters, letter of promotion and certificate of character.
Dodou Jawo	Market Collector	Application and confirmation letters, letter of promotion and certificate of character.

## Implication

There is a risk that personal files without relevant documentation will be difficult to confirm their status

In the absence of relevant documents on file there is a risk of difficulty in preparing their retirement benefits due to lack of proper documentation.

## Priority Ranking of finding

Medium

## Recommendation

Where available, copies of certificates and other credentials missing should be obtained and filed in the personnel files of these staff.

Management Response	
Action to be taken	The chief executive officer will take action and ensure that the establishment register is to be maintained for the purpose of recording details of all employee of the council
Officer responsible for remedial action	The chief executive officer as head of administration is responsible for remedial action
Date when situation will be regularized	Before end of July 2020, the situation will be regularised by putting all the relevant documents in their respective files.

## 2.2.5 Non-receipt of Government Grants

According to section 6 (1) Of the Local Government Finance and Audit act 2004, the President shall, for each Financial Year, cause to be presented to the National Assembly proposals of moneys to be paid out of the Consolidated Revenue Fund as: a general grant in accordance with subsection (2)

(2) A general grant shall be the minimum grant that shall be paid to a Council to operate decentralised services and shall be calculated in accordance with the First Schedule to this Act.

## Finding

Our review has revealed that the council does not receive grants/subventions from the Government for the period under review.

### Implication

There is a risk of non-implementation of some government decentralised projects. It may also affect the sustainability of services at the council.

### Priority Ranking of finding

Medium

### Recommendation

Management is urged to engage the government through the appropriate channels with a view to receiving such funds.

Management Response	The management of council will continue pursuing this matter with the ministry of Local Government and Lands to ensure that a provision in law for Grants/subventions from Government be fully implemented to enable strengthen decentralised structures
Action to be taken	
Officer responsible for remedial action	The permanent secretary is responsible for remedial action
Date when situation will be regularized	The date when the situation will be regularised is really beyond our controls, until political commitment is assured.

### 2.2.6 Transfer of Revenue Components

#### Finding

We noted that the revenue inflows for council is affected by the withdrawal of several revenue streams. The following component were transferred to various ministries departments and Agencies

Revenue Component	From Council	To Ministry Department & Agencies
Billboards fees	Kuntaur Area Council	National Road Authority
Carpark dues	Kuntaur Area Council	Gambia Revenue Authority
Forestry dues	Kuntaur Area Council	Forestry
Hotels and Guest houses licence	Kuntaur Area Council	Gambia Tourism Board
Sand Mining	Kuntaur Area Council	Geology



### Implication

Without adequate revenue inflow, there is risk that critical services of the council may not be carried out.

### Priority ranking of finding

Medium

### Recommendation

Management is urged to engage/continue engaging the government through the relevant authorities with a view to ensuring that the transfer revenue heads are returned to the council.

Management Response	
Action to be taken	Management will continue to engage the ministry of Local Government to ensure that those revenue bases which were originally collected by council and transferred to other departments and agencies by executive order during the second republic to come back to councils.
Officer responsible for remedial action	Management is responsible for remedial action and will be more than willing to vigorously pursue the matter with the relevant authorities including the sub-committee on council at National Assembly.
Date when situation will be regularized	The date when situation will be regularised depends entirely on the changing of acts which give power for transferred from council.

### 2.3.0 Registers

#### 2.3.1 Fuel Register

##### Finding

We noted from audit that the council does not maintain a register for fuel. The current administration of fuel procurement is the direct purchase from Jah oil company limited on agreement.

### Implication

A lack of control mechanism over fuel purchase and use may result in the resources (cash/fuel) of the council to loss.

### Priority Ranking of finding

High

### Recommendation

Management is urged to maintain a standard fuel register and institute a mechanism of controlling the issuance of fuel.

Management Response	
Action to be taken	Action will be taken by chief executive officer to maintain a standard fuel register and institute a mechanism of controlling the issuance of fuel.
Officer responsible for remedial action	Chief executive officer
Date when situation will be regularized	Council has earlier this year introduced a fuel register which record the requisition of fuel by council officials

### 2.3.2 Incomplete Asset Register

As per section 1005 sub-section 3 (a - f) of Financial and Accounting Manual for Local Government Authorities the Fixed Asset Register for every council shall include the following:

- a) Date of acquisition
- b) Cost of purchase
- c) Description of the asset (including mark or model)
- d) Location
- e) Insurance policy and
- f) Date of disposal

### Finding

Review of the asset register reveals that the register was available, but it was not adequately maintained as most relevant details below were left blank.

- Date of acquisition
- Cost
- Location

**Implication**

Without a standard asset register it will difficult to verify the status of the asset.

**Priority Ranking of finding**

medium

**Recommendation**

Management is encouraged to complete the asset register with the missing details and present it for our review. Whenever an item is disposed-off it should be recorded correctly in the register

Management Response	
Action to be taken	Management will take action and ensure that the missing details are completed in the asset register.
Officer responsible for remedial action	The chief executive officer is responsible for remedial action as head of administration.
Date when situation will be regularized	By end of July 2020 the situation will be regularised. Note that most council none current assets are been donated and many a time we did not know cost or net book value.

**2.4 Improper maintenance of cashbook**

According to section 902, subsection (l) of the Financial and Accounting Manual for Local Government Authorities, the cashbook is the main book of original entry for the council in which all cash receipts and cash payments are recorded daily. Analysed cashbook is here by required to fully analyse receipts and payments to various heads and sub-heads.

**Finding**

Review of the main cash book reveals that the Finance Director make entries in the cash book using pencil. Dates of transactions are not been captured and the totalling of the balances are also found to be inaccurate.

**Implication**

There is a risk of inaccurate information presented on the financial statement. There is also a risk of non-accountability in the absence of reference information in the cashbooks.

## Priority Ranking of finding

High

### Recommendation

Management is urged to review and adjust the cashbook accordingly. Reference should always be drawn from the manual to ensure completeness.

Management Response	
Action to be taken	The management will ensure that the Director of Finance will adjust the main cashbook accordingly and to avoid using pencil in the cashbook
Officer responsible for remedial action	The director of finance is responsible for remedial action
Date when situation will be regularized	Before the end of June 2020, the situation will be regularised by the Director of Finance who is entirely responsible for the maintenance of the cashbook.

## 2.5 Segregation of Duties

As per section 205 of the Financial and Accounting Manual for Local Government Authorities, under the supervision of the Finance Director, the Finance Manager shall ensure that an effective accounting system and procedures are laid down to aid the provision of appropriate management information for planning and control of the operations of the council, particularly:

- a) Custody of all bank statements and a continuous check on all lodgements into the council's bank accounts
- b) Posting and balancing daily (monthly) abstract book
- c) Posting and balancing the general ledger
- d) Preparation of the monthly summary receipts and payments
- e) Preparation of final accounts and financial statements
- f) Supervision of the work of the senior account clerk
- g) Any other duties assigned from time to time
- h) To work with both the internal and external auditors ensuring that all the information required by them is provided.

### Finding

We noted from review that the head of the Finance Department has been performing functions without any evidence of delegation.

- Preparation of the bank reconciliation statements without any evidence of review
- Drawing and signing of cheques
- Preparation of Payroll

We were made to understand that the council appointed an acting finance manager to ease the work of the finance director but however he only collects and verified revenue collectors' cashbooks.

#### **Implication**

In the absence of segregation of duties on the above processes there is risk that errors, misstatements and misappropriation might occur and not detected. There is also a possibility of fraud with regards to the entity's finance.

#### **Priority Ranking of finding**

High

#### **Recommendation**

Management should ensure that there is segregation of duties as dictated by the Local Government Financial and Accounting Manual.

Management Response	
Action to be taken	Management will take the lead action to ensure that there is segregation of duties at the finance department this will improve the quality and time of reports generated by the department for planning and control.
Officer responsible for remedial action	The Chief Executive Officer is responsible for remedial action as head of administration
Date when situation will be regularized	The situation will be regularised before end of April 2020

#### **2.6 Pre-audit of payments vouchers**

According to the Local Government Financial and Accounting Manual Section 503: Procedures for Payments and Expenditure, Payments vouchers should pass through the internal auditor for vetting before they are made.

#### **Finding**

We noted that there is no evidence that the internal auditor performs pre-audits of payment vouchers before they are made. He does retrospective auditing of the vouchers after the payments have been effected.

### Implication

In the absence of payment passing through the internal auditor could results to errors not detected before the payment are processed.

### Priority Ranking of finding

High

### Recommendation

Management is urged to ensure that payments pass through the internal audit for vetting before they are effected as stipulated in the Manual.

Management Response	Management have instituted an impress system reimbursed monthly to be handled by the finance manager, therefore, hence forth all the payments vouchers will pass through the Internal Audit Office for vetting before payments are effected.
Action to be taken	
Officer responsible for remedial action	The Director of Finance is responsible for remedial action
Date when situation will be regularized	The situation will be regularised May, 2020

### 2.7 Non-existence of petty cash (imprest) system

As per section 703 of the Financial and Accounting Manual for Local Government Authorities, the council should operate a petty cash float from which minor expenses can be paid. The float should not exceed the amount prescribed and approved by the Chief Executive Officer. The Chief Executive Officer in consultation with the Director of Finance should set the ceiling on the amount and the types of expenses that can be paid from through petty cash.

### Finding

Our findings reveal that there exists no imprest system of petty cash at the council where minor expenses can be paid from.

### Implication

There is implication that minor expenses might be paid from daily collections which is a violation of the above section.

**Priority Ranking of finding**

High

**Recommendation**

Management is urged to maintain a proper petty cash system where all minor expenses can be paid from.

Management Response	
Action to be taken	Management of Kuntaur Area Council has introduced the petty cash impress system as above, the system will minimised payments from cash collected at collection centres. The challenged remain unchanged as CRR/NORTH is not endear with commercial Banks. The nearest Bank we transact with is in Farafenni, Basse and or Soma.
Officer responsible for remedial action	Both the chief executive officer and the Director of Finance are responsible for remedial action
Date when situation will be regularized	The situation will be regularised before end of April 2020

**Auditor's Further Comment**

The petty cash system should be used for contingency payments. All other payments must be made through the centralized system to ensure that all the payment procedures are followed before any payment is effected.

**2.8 Posting in Ranges**

**Finding**

We noted from our review of collectors' cash book of the practice of posting GTRs in ranges. The practice appears to be pervasive affecting several collectors.

**Implication**

Posting in ranges could lead to the results of over or understatement of collections and it is also an indication of weak internal control environment which might lead to misappropriation of revenue.

**Priority Ranking of finding**

High



## Recommendation

Management should ensure that revenue collectors post in their cashbook the GTR serials in chronological order.

Management Response	
Action to be taken	The Director of Finance is responsible for the revenue earning books and of course the issuance of books. As head of the Finance Department, all revenue earning books are under his custody. He has taken note to ensure that postings are in ranges
Officer responsible for remedial action	The Chief Executive Officer is responsible for remedial action.
Date when situation will be regularized	The situation will be regularised by June 2020

### 2.9.0 Income tax

#### 2.9.1 Non-Payment of Income Tax

##### Finding

Inspection of documents reveals that income tax for staff is deducted at the end of every month. However, there is no evidence that the income tax deducted is remitted to GRA.

##### Implication

Non-payment of income tax is a direct violation of the laws and regulations of the state, which may attract fines and/or penalties.

##### Priority Ranking of finding

High

##### Recommendation

Management is urged to remit all income tax deducted at source to the relevant authorities (GRA) soonest.

Management Response	
Action to be taken	<p>Below is a summary of income tax deducted from the staff during the period under review. Council is committed to ensure deduction of income tax been remitted to GRA Regional office where you are refer to make reference:</p> <p>March 2018 = Chq No. 01208305 = D9,325.80  March 2018 = Chq No. 01208306 = D9,325.80  August 2018 = Chq No. 0114005 = D36,000.00  August 2018 = Chq No. 0114006 = D9,000.00  September 2018 =Chq No. 02578662 = D23,626.32</p>
Officer responsible for remedial action	Chief Executive Officer is responsible for remedial action
Date when situation will be regularized	The payments to GRA has already been regularised.

#### Auditor's Further Comment

The above response was not provided with any evidence for audit verification.

#### 2.9.2 Issuance of GTR receipts for deduction of income tax and one by six loan

##### Finding

Our interview with the Director of Finance and the Internal Auditor and review of documents reveals that the Director of Finance is issuing GTR receipts to staff for deducting their income tax and one by six loan that was deducted at source.

##### Implication

Issuing GTRs for income tax and one by six loan will overstate the income of the council.

##### Priority ranking of finding

high

##### Recommendation

Management is urged to desist from this act, because GTRs are only to be use for revenue earned. Income Tax deducted is a liability on council not an income.

Management Response	
Action to be taken	<p>Management has asked the Director of Finance to introduce NONE CASH RECEIPT Book as that would take care of loan deduction, income tax and none cash transactions that need receipt.</p> <p>The Director of Finance is considering posting the above transactions into the advance ledger only instead of primary posted to the cashbook and complete to other aspect of entries into the advance ledger. That may take consultation with other councils as all councils operated the same treatment. One thing we assure this transaction never posted to revenue ledger which is in contrary to Accounting policies resulted to unnecessary increase of Revenue Total in Financial Statements.</p>
Officer responsible for remedial action	The Director of Finance is responsible for remedial action
Date when situation will be regularized	The situation will be regularised as long as council agreed in the propose treatment.

#### Auditor's Further Comment

GTRs are security documents that should be use for administration of revenue only. In addition, income tax deduction must not be treated as revenue whatsoever. Income tax deduction are part of payroll deduction and must be treated as such.

#### 2.10 Improper recording of payments

##### Finding

Our review of the payment voucher filling system reveals that the council is making no reference of the different vouchers posted in the ledger. The following discrepancies were found:

- There are no dates in the cash book to help trace vouchers to their corresponding entries.
- The ledger contains no reference (range of vouchers) to help trace the voucher amounts that add up to the total amount posted in the ledger
- The abstract book is written in pencil, thus making it impossible for us to rely on its content.

### Implication

Without a proper referencing of the total voucher amounts posted in the ledger it will be difficult for the auditor and/or management to verify amounts in the ledger quickly and efficiently.

### Priority Ranking of finding

High

### Recommendation

Management is encouraged to maintain a proper filing system, with minutes of different vouchers in a set of files.

Management Response	Management has discussed the matter and asked the Director of Finance to start putting dates in the cashbook, ledger folio and abstract book in pen for journal entries. Although, our financial transactions up to reporting are manually extracted and that the cashbook is subject to many internal and external checks. That is one of the reasons accountants used pencils to record the brought forward figures to avoid untidy work when mistake occurred. At the end of the year when all adjustment were made to the cashbook the pencil is erased to ink. We have erased all pencils writing as recommended.
Action to be taken	
Officer responsible for remedial action	The Director of Finance is responsible for remedial action.
Date when situation will be regularized	The situation will be regularised by April, 2020.

### 2.11 Posting of basic salary in the Cashbook

#### Finding

Review of salary schedule against the Cashbook reveals that the Finance Director is only posting basic pay of staff into the cashbook instead of the net pay.

### Implication

Posting of the basic pay will leave both the allowance and statutory/other deductions unadjusted, thus under or overstating expenditure. This is an improper accounting for salaries.

### Priority Ranking of finding

High

### Recommendation

Management is urged to properly account for salary payments by posting the net pay instead of the basic. All allowances paid as part of staff salaries should be accounted for accurately.

Management Response	Contrary to Audit opinions on posting of net pay to cashbook instead of gross pay, we still believe that treatment we are adapted is correct and all other councils are doing the same. The explanation here to demonstrate is you make reference to method use to prepare our manpower budget. Allowances and basic salary have different code if net pay been posted to ledgers the actual budget will be less by the amount deducted.
Action to be taken	
Officer responsible for remedial action	The Director of Finance is responsible for remedial action.
Date when situation will be regularized	The situation will be regularised after consultation with other councils.

### Auditor's Further Comment

The current practice at the council is to only record the basic salary and leaves allowance unaccounted for in the cash book. All payments including allowances must be posted to the cash book as required by the financial and accounting manual.

### 2.12 Missing Vouchers

#### Finding

During extraction of payment vouchers for sampling we noted that there were payment vouchers that were not presented for our review, and also:

Some of the vouchers presented during the selection of the sample were later not found during the testing.

Details are shown in **Annex A**.

### Implication

In the absence of payment vouchers presented for our review will make it difficult to verify the authenticity of those payments. Vouchers presented during the sampling but missing during the testing may cast doubt about the authenticity of those payments.

### Priority Ranking of finding

High

### Recommendation

Management is urged to help provide us with those vouchers for audit verification.

Management Response	The vouchers are not missing as mentioned in your audit report, there are some errors occurred during posting numbers in the cashbook for example in April 2018 voucher 153 should follow 154 but instead 157. In March 2018 from voucher 132 should follow by 133 but instead 180 and in January voucher numbering stop at 282 not 294 as per our Audit report. We if we were consulted during the audit on such issues would have been solved at material time. Enclosed is others you claimed missing.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

### Auditor's Further Comment

The break in sequence of recording whether missing or not is a clear indication of internal control weakness which could result in concealment of transactions. Of these the payment vouchers in the table below were later presented and we noted the following issues.

Voucher #	Remarks
167	Payment voucher 167 in February was presented for confirmation but has a difference between the supporting documents and the voucher amount
172	Payment voucher 172 for February was presented for confirmation, but the amount posted in the cashbook was understated by <b>D355.00</b>
012	Payment voucher 012 for January is still outstanding.

068 & 69	March payment vouchers 68 and 69 are not presented due to break in sequence of the numbering as highlighted by management.
132-180	March payment vouchers 132- 180 are not presented due to break in sequence of the numbering as highlighted by management.
153-157	April payment vouchers 153 -157 are not presented due to break in sequence of the numbering as highlighted by management.
202	May payment vouchers 202 is not presented due to break in sequence of the numbering as highlighted by management.
227	May payment vouchers 227 is not presented due to break in sequence of the numbering as highlighted by management.
006	August payment vouchers is not presented due to break in sequence of the numbering as highlighted by management.
175-179	September payment vouchers 175 to 179 are not presented due to break in sequence of numbering as highlighted by management
145 & 146	November payment voucher number 145 was presented but not posted in the cashbook and 146 is not presented due to break in sequence as highlighted by management
16	December payment voucher number 16 is not presented but cancel in the cashbook.

### 2.13 Differences in Voucher Amounts and Amounts in the Cashbook

#### Finding

Our finding reveals that there are several vouchers posted in the cashbook with a different amount. A sample of vouchers and their corresponding entries are shown in **Annex B**.

#### Implication

There is a risk that those payments which are either over/understated in the cashbook are not genuine payments.

This is an indication of a weak internal control process in the council

#### Priority Ranking of finding

High

#### Recommended

Management is urged to correct all the entries in the cashbook with respect to the vouchers mentioned and provide it for audit review.



Management Response	We have contrary opinions on your finding in the subject, the vouchers quoted as sample have all posted correctly into cashbook
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

#### Auditor's Further Comment

The only vouchers presented were seven as listed in the table below, the rest remain un-resolved.

Date	Voucher #	payee	Amount
15/11/18	130	GPPA	D2,600.00
01/12/18	051	Malick secka	D1,000.00
28/11/18	O44	Jah oil Company	D250.00
30/11/18	047	Musa ceesay	D1,000.00
30/11/18	048	Fatou samba	D2,100.00
10/11/18	019	Jah Oil Company	D4,000.00
10/11/18	022	Jah oil Company	D2,000.00
<b>Total</b>			<b>D12,950.00</b>

#### 2.14 Duplicate Payment Voucher Numbers:

##### 2.14.1 Duplicated voucher numbers

#### Finding

Our findings reveal that there are voucher numbers that had been duplicated in the period under review and the duplicates are not posted in the cashbook. Details are shown below:

Date	PV.No	Details
11/07/2018	117	Baboucarr Touray
29/07/2018	117	Jah Oil
16/07/2018	010	Hon Mbemba KM. Koteh
16/07/2018	010	Hon Mbemba KM. Koteh
19/09/2018	193	Assan Mbye
30/09/2018	193	Abdoulie Keita
03/09/2018	063	Muhammed Ndongo
03/09/2018	063	Muhammed Ndongo
12/09/2018	173	Kebba K. Fatty
08/09/2018	173	Saihou Jawara
30/09/2018	100	Mamadi Kamara
30/09/2018	100	Seyfolu Salary
31/12/2018	064	Procurement unit
30/11/2018	064	Nawec

31/12/2018	061	Security Unit
08/11/2018	061	Sundry Transport
01/11/2018	059	Sundry Transport
31/12/2018	059	Seyfolu sitting allowance
22/11/2018	057	Morrie Fofana
31/12/2018	057	Planning & Development
31/12/2018	068	Jah Oil Company
31/12/2018	068	Chairman

#### 2.14.2 Duplicates not accounted for in the cashbook

Out of the payment vouchers duplicated above, the following are not posted in the cashbook.

Date	PV No.	Details	Amount
19/07/2018	117	Jah Oil Company	2,188.20
16/07/2018	010	Hon. Mbemba Koteh	2,000.00
30/09/2018	193	Abdoulie Keita	1,000.00
03/09/2018	063	Muhammed Ndongo	1,000.00
08/09/2018	173	Saihou Jawara	1,000.00
30/09/2018	100	Mamadi Kamara	1,000.00
30/11/2018	064	Nawec	400.00
08/11/2018	061	Sundry Transport	350.00
01/11/2018	059	Sundry Transport	350.00
22/11/2018	057	Morrie Fofana	500.00
31/11/2018	068	Jah Oil	600.00
	<b>TOTAL</b>		<b>10,388.20</b>

#### Implication

There is a risk that the duplicated vouchers may not be recorded in the cashbook, thus diverting council funds for personal use.

#### Priority Ranking of finding

High

#### Recommendation

Management is urged to provide evidence of the base used for the duplication, and the purpose of those payments with their supporting documents and their corresponding entries in the cashbook.

Management Response	The payment vouchers which are duplicated but not posted into the main cashbook was an error in future we will try very much to avoid such. After carefully going through the cashbook entries, payment vouchers are been entered in various months of 2018 in cashbook. The reference you made is not enough to said that payments were duplicated we believe you should go further and stated the cashbook reference number.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

#### Auditor's further comment

There is no evidence of correcting those errors provided for our verification.

#### 2.15 Payments without enough supporting documents

According to section 504, sub-section (e) i of the Financial and Accounting Manual for Local Government Authorities:

(e) The payment voucher must be properly authorised by the chief executive officer or other responsible officers delegated by him to do so. The chief executive officer must make sure that:

(i) The payment voucher is correctly made out with all supporting documents.

#### Finding

Our findings reveal that there are payments described as Alkalolu's commission, but there were no evidence proving receipt of the commissions by the recipients. A voucher described as payment to GAMWORKS is also not supported by any means to verify its authenticity. Details are shown below:

Unsupported Vouchers			
Date	P.V No.	Details	Amount
7/2/2018	171	Alkalo's 10% commission - Njau ward	778.90
31/01/201/	166	Alkalo's 10% commission - Njau ward	604.10
16/02/2018	149	Alkalo's 10% commission - Eliman Bah	315.90
16/02/2018	148	Alkalo's 10% commission - Biran Jadama	319.20
14/02/2018	150	Alkalo's 10% commission - Alieu Bah	305.10
31/01/2018	151	Alkalo's 10% commission - Babading Saidy	555.10
9/2/2018	152	Alkalo's 10% commission - Musa Sallah	465.60
1/2/2018	153	Alkalo's 10% commission - Babucarr Ceesay	526.10
15/02/2018	154	Alkalo's 10% commission - Sait Cham	520.20
20/02/2018	155	Alkalo's 10% commission - Samba Touray	254.80
8/10/2018	002	Gamworks	400,000.00
		<b>TOTAL</b>	<b>404,645.00</b>

## Implication

There is risk that payments without adequate supporting documents may not be genuine, thus diverting council funds and/or spending off the budget.

## Priority Ranking of finding

High

## Recommendation

Management is urged to find all the unsupported payments and provide adequate documents to authenticate the payments and present it for our review.

Management Response	We provided supporting documents for those payments, most of which are Alkalo's commission which probably may be detached during the audit. Please see attached Alkalo's 10% commission form enclosed for your reference. And we also provided the receipt for GAMWORKS which you said you could not see during the audit.
Action to be taken	
Officer responsible for remedial action	The Director of Finance is responsible for remedial action
Date when situation will be regularized	The situation is been regularised that the Alkalo's concern have signed the commission forms and that of GAMWORKS a letter is attached.

## Auditor's Further Comment

We have verified the Alkalo's commission, but Payment made to GAMWORKS is still outstanding

### 2.16 Difference between voucher amount and the supporting documents attached

According to section 504, sub-section (e) i of the Financial and Accounting Manual for Local Government Authorities:

(e) The payment voucher must be properly authorised by the chief executive officer or other responsible officers delegated by him to do so. The chief executive officer must make sure that:

(i) The payment voucher is correctly made out with all supporting documents.

## Finding

Our findings revealed that the amount on the supporting documents for the payment voucher below were different from the amount on the voucher, thus understating the voucher by D3,469.10. see the table below.

Incorrect voucher						
Date	P.V No.	Details	Voucher Amt'	Amount in the cashbook	Supporting documents	Difference
26/01/2018	167	Sundry Alkalos	3,384.90	3,384.90	6,854.00	3,469.10

## Implication

There is risk that the amount in the cashbook will be understated and the cash book will be used in the preparation of the final accounts.

## Priority Ranking of finding

High

## Recommendation

Management is urged to adjust the discrepancies accordingly and update the cash book.

Management Response	
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

## 2.17 Unposted Collection

### As per section 405 sub-section (10) of the Financial and Accounting Manual for Local Government Authorities

The Chief Executive Officer is responsible to ensure that all revenue due to council is promptly collected and brought to accounts.

## Finding

Our findings reveal that there is a collection by one of the collectors which was receipted but not posted in the treasurers Cashbook. Details are shown below:

Date	Treasurer	Details	GTR No.	Amount
30/06/2018	Morro Keita	Payment of revenue collected by Ansumana seckan	2835268	11,731.00

### Implication

There is a risk that the cash book amount will be understated, and this might affect the preparation of the financial statement.

### Priority Ranking of finding

High

### Recommendation

Management is should ensure that all collection are recorded accurately and on time.

Management Response	The transaction was an over site during posting by Mr. Keita and during that period there were some payment vouchers which are not posted amounted to D11,677.20. The cashbook will be adjusted to and the different will be make good by Mr. Keita. We submit these vouchers for your review.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

### Auditor's Further Comment

Some vouchers were later presented for our review, but the payment voucher numbers were found to be already posted in the cashbook with different details and amounts, we therefore cannot confirm the authenticity of those vouchers.

### 2.18 Third party occupancy of canteens

According to Kuntaur Area Council rent agreement Section 2 and 3

**"that Rent shall be subject to periodic review "and.**

***"That no subletting of canteens by the occupants"***

### Finding

We noted from review and verification of sample test of canteens that some canteens have been sub-let to third party occupants. And there was no evidence of any new agreement between the council and the previous occupants. Details are shown below:

Previous Occupant	Current Occupants
Perr Bah	Yonna Foreign exchange
Aja Jainaba Drammeh	Qcell Company Limited

### Implication

This is a violation of the Council's canteen terms of references. There is risk that that the initial occupants of the canteen sublet the canteen to the new occupant with an amount more than what was agreed between them and the council.

### Priority ranking of finding

High

### Recommendation

Management should ensure that canteen terms of reference are enforce in order to strengthen the controls. Management should also review the canteen register regularly in order to determine if the current occupants of the canteens have change or not.

Management Response	Management have informed the original owners Mr. Pierre Bah and Aja Jainaba Drammeh about findings of the audit report from 1 <sup>st</sup> January 2018 to 31 <sup>st</sup> December 2018 on the third party occupants which is a violation of council canteen agreement for subletting to Yonna Foreign Exchange and Qcell company LTD respectively. Yonna Foreign Exchange and Qcell company have been served with three months' notice to look for other outlets which council is copied.
Action to be taken	Both tenants were notified for sub-letting of canteens to third party Yonna Foreign Exchange and Qcell company LTD and they agreed.
Officer responsible for remedial action	The Chief Executive Officer is responsible for remedial action.
Date when situation will be regularized	The situation will be regularised by June 2020.



## 2.19 Withholding tax

### **Section 89 (3) of the Income and Value Added Tax Act, 2012 states that:**

"A person who retains the services of a contractor or subcontractor to carry out work, or supply labour or materials for carrying out the work shall withhold tax at the rate of ten percent of gross fees or other payments made to the contractor or subcontractor in respect of the services".

### **Finding**

Examination of payment vouchers revealed that there is no evidence that the council had been deducting withholding tax from the suppliers of goods and services for the period under review.

### **Implication**

Non-deduction of withholding tax is violation of income and value added tax act. There is also a risk of paying penalties and interests to The Commissioner-General for failure to deduct and remit withholding tax.

### **Priority ranking of finding**

High

### **Recommendation**

Management should ensure withholding taxes are deducted from suppliers of goods and services and remit to the Gambia Revenue Authority.

Management Response	Since the council has signed a delegated management contract with GAMWORKS through the local Government Association (GALGA). Council only paid their counterpart contribution and GAMWORKS award contracts on our behave.
Action to be taken	
Officer responsible for remedial action	The Chief Executive Officer is responsible for remedial action
Date when situation will be regularized	Council have started collecting withhold tax and paid to GRA on contracts awarded by council

### **Auditor's Further Comment**

There is no evidence of collection and payment of withholding tax to GRA provided for our confirmation.

## 2.20.0 suspected fraud

### 2.20.1 Missing GTRs

As per section 405 (5), (6) of the Financial and Accounting Manual for Local Government Authorities:

5) The employee to whom official receipts and licence books are issued is personally responsible for their safe keeping and must ensure that adequate measures are always taken to safeguard them.

6) Should there be any loss of revenue due to the council by reason of the neglect of the finance staff, the circumstances will be reported to the council through the Chief Executive and the officer concerned may be surcharged with the amount of loss.

#### Finding

Review of correspondence and Interview with the CEO reveals that three GTRs were issued to a revenue collector posted at sami District (Ansu Trawally) for collection of revenue. After which the said books were claimed to be missing. We made attempts to quantify the amount on the missing GTRs and this was not possible. We however noted that management has written to the said collector on letters dated 6 March 2019 and 31 March 2019 respectively for his service and salary to be stop until the GTRs or evidence regarding the lost is produce. We noted that the collector is neither making collection nor rendering service to the council, but he is receiving his salary at the end every month.

Details is shown below

GTR Number	Collector's Name
2844901-2849000	Ansu Trawally
2845001-2845100	Ansu Trawally
2842501-2842600	Ansu Trawally

#### Implication

In the absence of GTRs being presented for our review we could not ascertain the amounts collected on them and this could lead to loss of revenue to the council. Paying someone without working could cause loss of revenue to council.

#### Priority Ranking of finding

High

#### Recommendation

Management of the council should ensure efforts are made to secure or recovered this missing GTRs.

## 2.20.2 Suppression of Revenue

Interview with management and review of correspondents shows that a revenue collector name Kebba K. Fatty was issued with market tickets for the period under review. We noted that collections on these tickets amounted to D94, 000.00, was not remitted to the council. Management has written to him on a letter dated 25 September 2019 for the payment of the amount in question and/or his service be stop until the amount is recovered. However, we noted that D40, 000.00 was recovered leaving an outstanding balance of D54, 000.00.

Furthermore, the collector's revenue book was understated by D5, 104.00 from the previous audit report for the period 1 January 2016 to 31 December 2017. But there was no evidence presented to us for the payment of this amount. We also noted that the said collector reported a partly used missing GTRs for rates and taxes on letter dated 8 November 2019 which amounted to D6, 912.00. According to the letter he reported the matter to police but there was no evidence of police report to that effect.

### Implication

This is a clear indication of control weakness leading to loss of revenue to the council. There is also risk that council may be deprive the right to usage of those funds.

### Priority ranking of finding

High

### Recommendation

Management is urged to ensure that mechanisms are put in place to recover the outstanding balance of D54, 000.00.and D5, 104.00 as soon as possible and evidence be produced for our review.

## 2.20.3 Under and Over Lodgements

### Finding

Examination of collection on market tickets against the lodgements revealed the under listed over and under lodgements by collectors. Details are shown below

### Over Lodgements by Hydara:

Date	Receipt No.	Collector	Amt' Collected	Amt' Lodged	Difference
28-02-18	2497436	Alhagie Hydara	10,000.00	10,500.00	500.00
31-11-18	2837268	Alhagie Hydara	10,000.00	13,195.00	3,195.00
		<b>TOTAL</b>	<b>20,000.00</b>	<b>23,695.00</b>	<b>3,695.00</b>

**Under Lodgements by Hydara:**

Date	Receipt No.	Collector	Amt' Collected	Amt' Lodged	Difference
20-08-18	2837589	Alhagie Hydara	10,000.00	7,602.00	2,398.00
30-10-18 & 28-02-19	2838187 & 2841488	Alhagie Hydara	20,000.00	6,395.00	13,605.00
		<b>TOTAL</b>	<b>30,000.00</b>	<b>13,997.00</b>	<b>16,003.00</b>

**Under Lodgements by Kebba K. Fatty**

Date	Receipt No.	Collector	Amt' Collected	Amt' Lodged	Difference
10/04/19, 25/10/19, 31/11/19, 2/01/2020 & 03/02/2020	3078769, 3078763, 3078788, 3080292 & 3084201	Kebba K. Fatty	70,000.00	46,475.00	23,525.00
01/09/18 & 26/01/18	2838133 & 2839548	Kebba K. Fatty	35,000.00	10,987.00	24,013.00
31/08/18, 31/12/17, 07/02/18, 28/02/18, 31/01/18, 30/01/18 & 31/10/18	2837245, 2493163, 2497419, 2497470, 2493181, 2493180, 2838156 & 2838185	Kebba K. Fatty	110,000.00	108,410.00	1,590.00
		<b>TOTAL</b>	<b>215,000.00</b>	<b>165,872.00</b>	<b>49,128.00</b>

**Implication**

The under and/or over lodgments is an indication of control weakness and it is also an indication of fraud through suppression of revenue causing loss of revenue to the council.

**Priority ranking of finding**

High

**Recommendation**

Management is urged to ensure that that above amount in question is recovered from the said collectors and evidence be produce for audit verification. Council should also ensure that mechanisms are instituted to strengthen controls to avoid future occurrences.

Management Response	
Action to be taken	<p>Management has taken action by writing two letters to the officer (Ansumana Trawally) responsible for loss of three (3) GTRS (Revenue Earning Books) and the letters are dated 6<sup>th</sup> March 2019 and 31<sup>st</sup> March 2019 respectively which were shown during audit. This matter is been reported to police in order for them to help us recover these books. Up to date council could not receive report from police about their findings. Council has taken action to stopping Mr Trawally involving any revenue collection and further stopped his allowance until the service commission will decided his case. And also with effect from 1/04/2020 Mr Trawally salary will be stop. As per Audit finding Kebba Fatty has an unaccounted some of D49, 128.00 which he is requested to pay to council. With regard to the missing GTR, he has paid the sum of D6,912.00 vide TR. No 3085954 as part of collections he made from the missing GTR BOOK and also settled in full the understatement of D5,104.00 date 31/03/2018 from the previous audit report for the period 1<sup>st</sup> January, 2016.</p> <p>Management advice Mr. Fatty to the missing GTRs to the police for further investigation and according to the police report they could not recover the GTR book. We enclosed the said report and copy of receipts for your reference. As part of control measure Kebba Fatty is been stopped from collecting revenue until he settled in full the money he surpressed.</p>
Officer responsible for remedial action	The Chief Executive Officer
Date when situation will be regularized	<p>As long as the service commission sit over his case and concluded the management would know the date. The situation will be regularised during the next council meeting schedule for the month of April 2020.</p>

## 2.21 Misclassified budget lines

According to section 302 of the Financial and Accounting Manual for Local Government Authorities describes budget preparation as follows:

The budget shall be prepared on the prescribed format which shall include:

- a) Revenue Budget: This will be prepared (in ledger accounting order) for each item of income for the incoming year.
- b) Expenditure Budget: Detailed estimates for expenditure to be incurred during the coming year is divided into:

### I) Development Expenditure Budget

This will take care of the acquisition, replacement or procurement of capital items. This budget is the anticipated expenditure on the fixed assets during the period and is crucial to decision making. Funds available for capital expenditure are limited and great care is essential to ensure that funds are invested profitably.

The Development Expenditure Budget should show:

- The capital project of items
- Where the duration of the project spans over 2 or more years
- The total projected cost
- The amount spent to the end of the previous year
- The current year's approved budget
- The current year's revised budget
- The amount spent to date in the current year
- The forecast for the following year (Budget year)
- Method of financing
- Additional annual recurrent cost (both running and financing cost) of the project or item.

The Expenditure Budget of the council shall constitute 60% of the of Development Expenditure and 40% of Recurrent Expenditure or any other percentages that may be prescribed by law from time to time

### II) The recurrent (or administration) Budget

This involves the salaries and allowances of the council Employees and all other operating cost of the council as detailed in the General Ledger in preparing this budget.

The Director of Finance shall:

- Give the actual expenditure for the previous financial year
- Calculate the estimated expenditure for the ensuing year
- Prepare a National Roll and Details of establishment for the council employees

This is in effect the manpower Budget of council and should show:

- Their names, post/designation: Current grade and salary and salary for the budget year (adjusted for any increments and promotions)
- Eliminate double allocation and inappropriate charges
- A summary of the revenue and expenditure for the budget year is then prepared.

#### Finding

We noted from the review of the budget and actuals that some of the budget lines were wrongly classified to different budget codes.

Details are shown below:

Misclassified budget lines	Amount	Remarks
REPAIRS AND MAINTENANCE OF COUCIL GENERATOR CONTRIBUTION	100,000.00	Wrongly classified under capital projects
CONT. FOR POLICE, PIU, IMM & Army	50,000.00	Wrongly classified under security
<b>Total</b>	<b>250,000.00</b>	

#### Implication

Misclassified budget lines could result to overstatement and understatement of the budget lines concern.

#### Priority ranking of finding

High

#### Recommendation

Management should ensure that the accounts codes affected are adjusted accordingly.

Management Response	We have noted in coming years we will be very mindful of such misclassifications, but the last two items are corrected stated in D50,000.00 in security vote and there is no D100,000.00 of such contribution in chairman vote.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	



### Auditor's Further comment

The last two items are still found to be misclassified in the budget.

### 2.22 Bank Reconciliation

According to section 903 of the Financial and Accounting Manual for Local Government Authorities. The balance shown on the monthly Bank Statement received from the bank will usually not agree with the balance shown in the cash book. Certain transactions recorded by the council may not have been recorded by the Bank and vice versa. In order to agree on the balances shown on the Bank statement and the cash book, a bank reconciliation statement must be prepared monthly by the Director of Finance. A copy of statement must be filed for reference purposes.

### Finding

The Bank Reconciliation Statement is prepared but we observe the following issues. The final figure on the statement does not reconciled with the cashbook balance, there is no evidence of review, one of the months (December 2018) was prepared using a pencil and the reconciliations are not sign.

### Implication

There is risk that the actual balance in the Bank cannot be established, because it is not reconciling with the balance in the cashbook.

### Priority ranking of finding

High

### Recommendations

Management is encouraged to prepare an accurate bank reconciliation statement that will reflect the actual balance in the bank to the adjusted cashbook balance.

Management Response	The difference between reconciled amount and cashbook amounts occurred only with September, October and November 2018. September        D3.54 October            D0.64 November         D4.62 Although looks in material but we will try to avoid such errors even though we operate on manual base accounting.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

## Auditor's Further Comment

The cash book was submitted but the figures that were written in pencil were later change and there was no explanation as to the reason of the change.

### 2.23 Contracts

#### Finding

Our review of contract documents, the progress report of the DoPD and site visits reveals several contracts that are behind schedule. Most of these contracts are counterpart contribution with Gam-Works where the council pays 8.7% of the total price and Gam-Work pays 91.3%. The contracts are been awarded by Gam-Works and council will be informed to provide sites/locations for the implementation. Details of the contracts can be seen in the table below.

- We noted that of the five boreholes that were constructed were contracted to Sumanguru Constructions, two of these boreholes at **Mbayen** and **Jahaur Mandinka** were broken down within few days after their completion. They (the broken pumps) were repaired/maintained by the same contractor (Sumanguru Constructions). One of the Borehole at **Sami Tenda** has not been utilized because they already have a similar pump, they were expecting an over-head tank with running pipes instead of a hand-pump. All other villages expressed similar sentiments.
- The audit also noted from the site inspections that two of the contracts (construction of head office and staff quarters at **Kuntaur wharf town** and construction of car park in **Wassu** ) were award to the same contractor ( foresight engineering and construction co. ltd) within the same period as evident from the table above. We found out that these contract period has elapse while the contracts remain un-finish.
- We also noted that of the ten canteens built at Lamin Koto Badala (**manjang star construction**) were constructed without toilets. According to the physical planning officer the contract of the canteen should include six toilets.
- The Council in collaboration with Gam-works also built a multi-purpose Centre at Kaur Market. Our site visit revealed that the contract period for this also has elapsed. However, the contractor (Nema General Merchandise and construction enterprise) promised that the work will be completed by the end of February 2020. See the table below:

Contractor, purpose & duration	date	date	price	counterpart contribution	Contribution	
Sumanguru Construction – Construction of five boreholes, with mark II handpump in five villages in 8 months.	4th March 2019	3th November 2019	3,075,500.00	8.30% (255,266.50)	91.70% (2,820,233.50)	Completed
Foresight Engineering & Construction Co.LTD – Construction of office complex and staff accommodation at Kuntaur wharf town in 12 months.	4th March 2019	3th March 2020	14,281,837.40	8.30% (1,185,392.50)	91.70% (14,096,444.90)	Incomplete
Foresight Engineering & Construction Co.LTD – Construction of carpark at Wassu in 8 months	10th June 2019	9th February 2020	5,597,000.00	8.30% (464,551)	91.70% (5,132,449)	Incomplete
Manjang Star Construction – Construction of 10 canteens and stores at Lamin Koto Badala in 8 months.	4th March 2019	3th November 2019	2,877,840.60	8.30% (238,860.77)	91.70% (2,638,979.83)	Partially completed
Nema General Merchandise & Construction Enterprise – Construction of multi-purpose center and stores at Kaur in 8 months.	4th March 2019	3th November 2019	9,964,609.00	8.30% (827,062.55)	91.70% (9,137,546.45)	Incomplete

## Implication

- The early broken down of these hand pumps signal poor quality of the completed work by the contractor and there is risk that the pumps might not serve the communities the expected useful life.
- The awarding of two major contracts to one contractor within the same period could resulted to inefficiency and delay in completion of the contracts. It could also lead to poor quality of work been done.
- In the absence of the toilets the contract is incomplete, and this is a violation of the contract agreement. And, people occupying the canteens might not have a place for proper sanitation thus leading to hazardous environment.
- In the absence of contracts been completed on time is an indication of poor supervisor of the contracts.

### Priority Ranking of finding

High

### Recommendation

- Management and their counterparts should ensure proper monitoring and evaluations are done on regular basis before contracts are hand over after completion.
- Management is advice to make follow ups regarding the un-build toilets at lamin koto for the completion of the contract as agreed. Management and their counterpart should ensure that multiple contracts are not awarded to one contractor in the same period.

Management Response	Most of those contracts are awarded by Gamworks, Although, Management has informed them on the status of those contracts and our dissatisfactory. We believe Gamworks also have taken steps to minimise the risk of some this contracts
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

## 2.24.0 Financial Statements

### 2.24.1 Unreliable Income & Expenditure Statement

AS per section 906 of the Financial and Accounting Manual for Local Government Authorities a council shall maintain a monthly abstract book as follows:

Each council shall maintain a separate Abstract Books for Revenue and Expenditure. The Abstract Book is to be posted at the end of the month by the senior clerk to analyse the transactions in the Cashbook prior to being posted to the General Ledger.

#### Finding

Our review of the ledgers proofs difficult to substantiate its content (the figures). The figures in the cashbook cannot be confirmed to the ledgers because the cashbook contain no dates, thus making it difficult to rely on the statement. There are no comparative figures for the previous year on the face of the income and expenditure statements for both 2017 and 2018

#### Implication

There is risk that the figures in the Income and Expenditure Statement may not be accurate. In the absence of the comparative figures for the previous year on the financial statements could make it difficult for users to assess the performance of the council.

#### Priority Ranking of finding

High

#### Recommendation

Management is advised to accurately prepare a monthly Abstract Book that will analyse all the transactions prior to being posted to the ledgers. This will be use as a base to confirm the figures in the ledgers. Management should ensure that the comparative figures are presented to the financial statements for the assessment of the council performance.

Management Response	We have given you the sample of abstraction which is summarised to prepare Trial Balance of income and expenditure on monthly bases. You build up your ledgers from this summary sheet or from Trial Balance and those Ledger Balances are sum-up to prepare financial statement. For comparison of the two-accounting year should not be an issued because these statements were given to you. And we avail you all
---------------------	--

	necessary assistance to make you access to documents.
Action to be taken	
Officer responsible for remedial action	
Date when situation will be regularized	

**Auditor's Further Comment**

According to the standard every financial statement must have comparative figures were there are no comparative figures there should be an.

### 3.0 Follow up on Prior Year Recommendations

In our previous management letter covering the period 1 January 2016 to 31 December 2017, we reported several issues which needed urgent action by management.

Follow up discussions were made to confirm if actions were taken to resolve the issues. This was followed by document reviews to corroborate management's assertions.

The table below detailed the status of implementation of the recommendations made.

No.	Query	Findings	Recommendation	Status of Recommendation	Auditor's Remark
3.1	<b>3.1 Lack of regular council meetings</b>	Review of minute files revealed that Council meetings were held only three times during 2016 and 2017. These meetings were held on 25 January 2016, 23 May 2016 and 27 February 2017.	Regular meetings should be held to enable the Councillors to carry out their functions effectively. The meetings will avail them with information on	Implemented	We reviewed a sample of meeting minutes and can confirm there are regular meetings now.



			key issues and developments in order that timely and appropriate solutions/guidance are provided.		
2	<b>3.2 Lack of Segregation of Duties</b>	Review of payment vouchers revealed that Director of Finance collects invoices, checks the bills, prepares payment vouchers and receipts and approval is done by him and Chief Executive Officer. There is no evidence that vouchers and other accounting documents prepared by him are reviewed and verified by an independent person before approval.	The Council should make sure that there is a proper segregation of duties at the Finance Department as stipulated by the manual	Not Implemented	The Auditee is still not implementing segregation of duties in its finance department.
3	<b>3.3 Understatement of Revenue</b>	Reviewed of the GTRs receipts against revenue collectors' cashbook revealed the receipts detailed in the table below were understated in the cash book. There was also no evidence that the understated amounts were banked.	The cash book should be updated, and amount involved be recovered and paid to Council's account;	Not Implemented	We found a number of collectors still understating revenue collected.
4	<b>3.4 Absence from Work</b>	Review of staff personal files and discussion with management revealed that the Director of Planning has not been reporting to work since May 2017 (over 7 months) and he was being paid full salary. We were told that he is currently sick but there	The management should make sure that the officer's status is regularised without delay failing which payments made will be	Implemented	The Director of Planning is regularly reporting to work.

		is no evidence on file to show that he is on sick leave.	considered not genuine.		
5	<b>3.5 Incomplete Contract with GAMWORKS</b>	<p>The Council signed a contract amounting to D4, 000,000 with GAMWORKS for the construction of a Hostel at Wassu for revenue generation. A counterpart contribution of D200, 000.00 (representing 5%) was paid by Kuntaur Area Council.</p> <p>The motel consists of 6 single rooms and two double rooms with toilets facilities. According to the Contract agreement, the construction started in October 2014 and was supposed to last for a period of six months ending March 2015. There was no evidence that the contract was completed, and the building has been handed over to the Council.</p> <p>During our visit to the site on 9 January 2018, we have seen that the site is not protected (fenced), the building is not furnished, and windows and doors and some fittings have started deteriorating. This is evidence by broken glasses, torn out</p>	The Council should make sure that the problems heightened above are fixed immediately and that the hostel is operational to ensure there is value for money.	Not Implemented	There is still evidence of broken windows and the roof started wearing, some parts started unroofing. There is still no fence around the building.

		<p>mosquito wires and cracks on different part of the wall.</p> <p>It is over three (3) years and the building is still not in use. The Council could have received substantial amount of revenue during the past three years if the hostel has been operational.</p>			
--	--	---	--	--	--

**4.0 Annexure:**

**Annex A: missing payment vouchers**

**Month P.V No.**

**January**

- 31
- 59
- 61
- 67
- 71
- 86
- 92
- 95
- 96
- 100
- 114
- 115
- 116
- 124
- 127
- 132
- 133
- 149
- 157
- 163
- 168
- 171
- 193
- 210
- 217

	234
	250
	255
	261
	272
	273
	274
	280
<b>March</b>	
	256
	317
	322
<b>April</b>	
	120
	136
	245
	248
	253
	254
	261
<b>May</b>	
	185
<b>June</b>	
	55
<b>July</b>	
	169
	176
	199
	213
<b>August</b>	
	112
	113
	129
	134
	136
<b>September</b>	
	43
	45
	47
	163
	206
	211
	224
	232

**Annex B: Differences in Voucher Amounts and Amounts in the Cashbook**

Date	P.V No.	Details	Voucher Amt'	Cashbook Amt'	Differences
31/03/2018	221	Amat Bah - Chairman	4,553.33	5,000.00	446.67
30/04/2018	214	Badge messenger salary	10,798.50	10,924.00	125.50
30/04/2018	220	Market unit	14,281.03	16,805.00	2,523.97
30/04/2018	205	Security 25	2,486.67	2,968.00	481.33
30/04/2018	202	Health & Sanitation	5,719.85	7,108.00	1,388.15
30/04/2018	204	Health & Sanitation	9,211.86	10,794.00	1,582.14
30/06/2018	097	Health & Sanitation	3,685.00	4,069.00	384.00
31/07/2018	213	Jah Oil Company	500.00	3,151.00	2,651.00
31/08/2018	078	Finance Dept.	5,149.50	5,386.00	236.50
31/08/2018	082	Planning & Development	9,530.25	10,755.00	1,224.75
30/09/2018	100	Seyfoku Salary	21,840.00	23,525.00	1,685.00
30/09/2018	072	Finance Dept.	33,108.00	49,985.44	16,877.44
30/09/2018	074	Finance Dept.	16,805.00	21,770.00	4,965.00
30/09/2018	075	Finance Dept.	10,755.00	17,470.25	6,715.25
13/10/2018	081	Jah Oil Company	1,880.00	1,500.00	(380.00)
27/10/2018	082	Jah Oil Company	1,880.00	2,100.00	220.00
27/10/2018	083	Jah Oil Company	1,880.00	1,600.00	(280.00)
31/10/2018	143	Seyfoku Salary	21,840.00	23,525.00	1,685.00
31/10/2018	150	Badge messenger salary	12,980.00	13,106.00	126.00
31/10/2018	154	Chairman	22,730.00	26,000.00	3,270.00
31/10/2018	163	Finance Dept.	43,668.00	28,961.00	(14,707.00)
31/10/2018	167	Security unit	3,757.00	3,007.00	(750.00)
31/11/2018	090	Procurement unit	5,885.00	4,069.00	(1,816.00)
31/11/2018	096	Chairman	4,535.82	5,000.00	464.18
15/11/2018	130	GPA	500.00	2,600.00	2,100.00
1/11/2018	049	Mot - Ida Salla (Alkalo)	2,100.00	250.00	(1,850.00)
26/11/2018	035	Jah Oil Company	3,000.00	2,200.00	(800.00)
31/11/2018	078	Badge messenger salary	10,798.00	10,924.00	126.00
1/12/2018	051	Malick Secka	725.00	1,000.00	275.00
28/11/2018	044	Jah Oil Company	1,000.00	250.00	(750.00)
30/11/2018	047	Musa Ceesay	120.00	1,000.00	880.00
30/11/2018	048	Fatou Samba	1,000.00	2,100.00	1,100.00
1/12/2018	049	Mot Gaye	250.00	2,100.00	1,850.00
30/11/2018	050	Sundry Loumo Helpers	240.00	1,800.00	1,560.00
6/9/2018	041	Abdou MS. Njie	1,500.00	240.00	(1,260.00)
10/11/2018	019	Jah Oil Company	1,880.00	4,000.00	2,120.00
10/11/2018	022	Jah Oil Company	1,880.00	2,000.00	120.00
21/11/2018	037	Dept. of physical Planning & Housing	3,750.00	1,900.00	(1,850.00)
2/11/2018	026	SSHFC	20,000.00	4,000.00	(16,000.00)
11/11/2018	023	Suleyman Jallow	1,000.00	2,000.00	1,000.00
31/12/2018	064	Procurement unit	5,885.00	4,069.00	(1,816.00)
31/12/2018	057	Planning & Development	18,530.25	10,755.00	(7,775.25)
31/12/2018	061	Security Unit	3,757.00	3,007.00	(750.00)
31/12/2018	064	Procurement unit	5,885.00	4,069.00	(1,816.00)
31/12/2018	068	Chairman	22,730.00	26,000.00	3,270.00
19/10/2018	127	Abdoule Keita	1,000.00	600.00	(400.00)
1/10/2018	118	Jah Oil Company	2,304.00	2,500.00	196.00
15/10/2018	111	Sundry Market Collectors	500.00	19,601.65	19,101.65
1/10/2018	108	Sundry Market Collectors	1,750.00	6,317.00	4,567.00
29/01/2018	022	Alieu Sallah	563.00	200.00	(363.00)
28/02/2018	141	Health & Sanitation	9,211.86	10,794.00	1,582.14
28/02/2019	143	Security 25	2,486.67	2,968.00	481.33
28/02/2020	140	Health & Sanitation	5,719.85	7,108.00	1,388.15
28/02/2021	137	Administration	7,368.75	8,643.00	1,274.25
28/02/2022	134	Administration	7,332.33	9,000.00	1,667.67
28/02/2023	131	Internal Audit	2,526.50	3,151.00	624.50
28/02/2024	128	Planning & Development	7,754.00	8,883.00	1,129.00
28/02/2025	121	Chairman	4,553.33	5,000.00	446.67
28/02/2026	119	Market unit	14,281.03	16,805.00	2,523.97
28/02/2027	117	Procurement unit	3,685.00	4,069.00	384.00
28/02/2028	114	Finance Dept.	16,475.52	22,374.00	5,898.48
28/02/2029	113	Finance Dept.	9,494.16	10,458.00	963.84
28/02/2030	110	Finance Dept.	6,087.33	7,220.00	1,132.67
		<b>TOTAL</b>	<b>479,083.39</b>	<b>630,534.34</b>	<b>51,450.95</b>