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NATIONAL AUDIT OFFICE

Ref: HC 93/471/01/ Part II (33)

Audit of Basse Area Council performed by the Auditor General

Chief Executive Officer
Basse Area Council
Basse, Upper River Region

Date: 21 June 2019

Dear Sir,

The accounts of Basse Area Council are subject to audit by the Auditor-General in terms of paragraph 160 (01) of the constitution and section 28 (1) & (2) of the Local Government Finance and Audit Act 2004.

MANAGEMENT LETTER: AUDIT PERFORMED FOR THE 2017 AND 2018 FINANCIAL YEAR

INTRODUCTION

The audit of the Basse Area Council for the years ended 31 December 2017 & 2018 is 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.

APPRECIATION

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

Yours Faithfully



Bakary Trawally

For: Auditor General

Cc: Permanent Secretary
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Permanent Secretary
Ministry of Finance

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NATIONAL AUDIT OFFICE OF THE GAMBIA

**FINAL MANAGEMENT LETTER
(WITH MANAGEMENT RESPONSE)**

AUDIT OF BASSE AREA COUNCIL

FOR THE PERIOD 1 MARCH 2017 TO 31 DECEMBER 2018

JUNE 2019

National Audit Office Bertil Harding High Way

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1.0 Introduction

The Constitution of the Republic of the Gambia requires the Auditor General to audit and report at least once in a year on all government institutions. In pursuance of this mandate, we have undertaken the audit of Basse Area Council.

At the conclusion of the exercise, we had an exit meeting with the management of the Council which provided an opportunity to discuss the findings and implications. The report details the findings that came to the attention of National Audit Office during the review and recommendations are made for implementation by Basse Area Council to improve the accounting and Internal Control Systems, ensure compliance with Financial Memorandum, Local Government Act, Finance and Audit Act and other relevant Government accounting laws and regulations.

1.1 Powers and Responsibilities of the Auditor General

The powers and responsibilities of the Auditor General are enshrined in the Constitution and the laws of The Gambia, Chapter 75:01 part 111 1990 Edition.

Section 13 (1) of the Finance and Audit Act states, "the Auditor General shall, on behalf of the House of Representatives, examine into and audit the accounts of all persons entrusted with the collection, receipt, custody, issue or payment of public monies or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property of any kind whatsoever".

Section 14(1) a states; "in the exercise of his duty under this Act the Auditor General may-call upon any officer for any explanations and information he may require in order to enable him to discharge his duties".

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:

- Revenue collections and revenue earning books were properly accounted for,
- Invoices and petty contracts processed for payment represented goods and services received;
- Payments were supported with the necessary documentation and made in accordance with the financial rules and regulations; and
- An adequate and effective Internal Control System existed and operating as expected.

1.4 Audit Methodology

As part of this exercise we reviewed documentation, performed sample audit testing and we also held discussions with the Chief Executive Officer, the Director of Finance and other key staff.

1.5 Audit Scope

This audit exercise focused on the Council's financial transactions during the period 1 March 2017 to 31 December 2018.

1.6 Conclusion

The audit revealed overall lack of proper recording of some financial transactions, non-compliance with some relevant regulation, instances of inadequate supervision and control by immediate supervisors.

1.7 Priority Ranking of Finding Ranking

Our findings have been given a Priority Ranking of Finding ranking of **High**, **Medium** and **Low**. This grading represents the estimated level of risk resulting from the issue identified. A summary of the ranking of our findings is shown below:

Priority Ranking of Finding	Number
High	14
Medium	8
Low	1

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

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

2.0 DETAILED FINDING

2.1 Operation of the General Council

According to the Local Government Act, there shall be a general council and related sub-committees to which responsibility will be delegated for oversight functions. These includes but not limited to Audit, Education and Finance committees. This will ensure a proper monitoring mechanism over the executive branch (CEO and Team).

Finding

During our assessment, review of documents revealed that only three committees were found to be functional (Finance, Development and Establishment). Function such as Audit, Education, Agriculture and Environment have been established but remained inactive.

No reasons have been advanced for the status quo; however, we have noted a number of anomalies attributed to the non-functioning of sub-committees. The Chairman stated that efforts are afoot to have the rest of the sub-committees functioning. We did not however have evidence to this effect.

Implication

The non-functioning of the sub-committees in question is a significant anomaly and the vacuum created may be negatively exploited. There is also an opportunity for management to assume oversight responsibilities which effectively concentrates so much power within their scope.

The situation might render the oversight role of the council/ committees ineffective/ inefficient.

Priority Ranking of Finding

High

Recommendation

For the sub-committees already established, the council needs to expedite the process of selecting suitable candidates for all relevant position. Care must be taken during nomination to ensure that appropriate candidates are allocated to relevant committees.

The council must also assume the responsibility of ensuring the continuous effectiveness of all established sub-committees by way of institution of appropriate monitoring mechanism.

Management Response

Response	The Subcommittee has already establish by council, but they will be revived as indicated in your findings
Action to be taken	It has already been established
Officer responsible for remedial action	The Chairman Basse Area Council
Date when situation will be regularized	On the 31 st May, 2019

Auditor's Further Comment

The management response failed to indicate any course of action taken/to be taken to address the problem. However, this will be reviewed as part of our subsequent follow-up/ audit.

2.2 Attendance & Punctuality

Finding

Our assessment of the control environment of the council revealed the following:

- We observed that there is no apparent commitment to attendance and punctuality to work. There is a register in place for attendance but there is no evidence to show that it is subjected to monitoring to ensure adherence.
- In general, the staff of the council and indeed some of the management staff do not appear to be aware and/or conversant with the requirements of the working documents applicable to them. Most processes and procedures appear to take place on ad-hoc basis rather than in accordance with the prescribed provisions of the working documents.

Implication

Lateness and absenteeism is in contravention to the terms of employment. Staff engaged in such acts are in breach of the rules governing their employment.

Poor attendance by staff will risk the Council not achieving its corporate goals. If most staff do not report to and stay at work to complete their individual tasks, the assignments will remain undone. With fewer people at work at any given time, overall morale and productivity might also be adversely affected leading to inefficiencies.

Priority Ranking of Finding

High

Recommendation

Management should assume it's responsibility in ensuring that staff comply with the requirements with regard to attendance. Measures should be put in place to ensure compliance.

Management Response

Response	There is a register in place for attendance and punctuality to work the management will improved the monitoring to ensure adherence
Action to be taken	Memo was passed
Officer Responsible	The Chief Executive Officer
Date when situation will be regularized	With immediate effect

Auditor's Further Comment

The memo referred to in the response has not been shared with us for review so therefore we could not verify that evidence.

2.3 Standard practice (code of ethics)

Finding

From our review, we found that the general control environment in terms of ethics and code of conduct at work is not adequately practiced and in many cases not even known to staff. Most staff do not even know what standards apply to them. We also found that of the few that refer to the government code of conduct are not familiar with the requirements of the document

Implication

This may result in issues relating to staff conducts and performance as most staff will not have known what standard is required of them. It may also result in difficulties in management enforcing standards in the absence of known references.

Priority Ranking of Finding

High

Recommendation

We recommend that management take immediate steps with a view to ensuring that staff adhered to the appropriate standards at work as legislated by the Local Government Staff Service Rule. This responsibility should also encompass regular monitoring and/ or reprimand for non- compliance.

Management Response

Response	The Management will take immediate steps / action with a view to ensure that staffs adherence to the appropriate standard at work as legislated by local government staffs service rule
Action to be taken	By sensitizing staffs to know what standard apply to them
Officer Responsible	The Chief Executive Officer
Date when situation will be regularized	20 th June, 2019

2.4 Terms of reference/ scheme of work

Finding

During the audit, review of documents revealed that there is a draft scheme of service for Local Government Services which give details of the individual designations and responsibilities. It clearly stipulates the minimum requirements for entry into the available position of the council. A sample of staff file reviewed, revealed that there is no evidence to show that the staff possess the required qualification for the relevant positions.

This scheme of service is still at the draft stage and we therefore cannot place any reliance on it.

Implication

Without the approval of the scheme of service, the content cannot be enforced on staff.

Priority Ranking of Finding

High

Recommendation

The council and the relevant stakeholders should ensure that the draft scheme of service is approved in order for it to be binding.

Management Response

Response	the management and the relevant stakeholders will make sure that the draft scheme of service is approved in order for it to be binding
Action to be taken	Approval has been granted
Officer Responsible	Establishment Committee
Date when situation will be regularized	It has been regularized

Auditor's Further Comment

The situation remains the same as the draft scheme of service still remain unapproved. There is also no evidence provided to us that stakeholders have been engaged by the council regarding the approval of the scheme.

2.5 Assessment of Internal Audit Function

"Every Council shall establish an Internal Audit Department.

The Head of the Internal Audit Department, who shall be answerable to the Council, shall prepare and submit to the Council Quarterly Audit Reports and forward a copy each to the Local Government Accounts Committee, the Auditor General and the Secretary of State." (Section 26 of the Local Government Finance and Audit Act)

Furthermore, Section 208 of the financial and accounting manual for local government authorities states that *"The internal auditor is the head of the internal audit department. He shall be responsible to ensure that the procedures stipulated in this manual with respect to all transactions involving revenue collection and expenditure and receipt and issue of stores are properly authorized, promptly carried out and punctually recorded and to make a continuous and thorough check on councils' financial transactions"*

Finding

We noted that the internal audit department has only one staff (Internal Auditor). His current audit coverage is restricted to only vetting of revenue collections and occasional pre-audit of expenditure. Other core functions such as internal control reviews and risk assessments remained unattended to. There are no plans and strategies by the unit for its audits and there are no evidences that its approach follow any standards.

Implication

A weak internal I audit unit means that the internal checks and balances will largely be in the hands of accounting officers. This will not be seen as good corporate governance practice.

Where audit approach does not follow recognized and acceptable standards, results from such audits work may not be reliable for decision making.

Priority Ranking of Finding

Medium

Recommendation

The management through the general council should ensure that steps are taken to strengthen and capacities the internal audit department to enable them performs effectively and efficiently.

The department should ensure that plans and strategies are in place to guide their operations. This should ensure adequate coverage of all relevant areas such as review of internal control, and risk assessment. This will also help to achieve timely report of findings in accordance with the requirement of the applicable regulations.

Management Response

Response	The management will ensure that measures are taken to strengthen and capacities the Internal Audit Department
Action to be taken	Provide with relevant equipments
Officer responsible for remedial action	Director of Finance
Date when situation will be regularized	31 st December, 2019

2.6 Lack of Disaster Recovery Mechanism

Finding

We noted from the review of the documents and interviews that the council do not currently operate any disaster recovery mechanism for its operations. There is no documentary retrieval mechanism as a recovery means in event of disaster.

Implication

There is a high risk of recovery and thus service provision without an appropriate allowance in place to take care of adverse events.

Priority Ranking of Finding

Medium

Recommendation

Management should ensure that disaster recovery mechanism such as backup systems are put in place for recovery. This needs to be regularly updated.

Management Response

Response	The management will ensure that disaster recovery mechanism such as backup systems are put in place for recovery and it will always been update
Action to be taken	Plans are already in place to provide the backup systems for the smooth running of the council
Officer Responsible	Director of Finance
Date when situation will be regularized	31 st December, 2019

Auditor's Further Comment

There is no evidence provided to confirm that plans are in place to provide the backup as mentioned in the response. We will however make follow-up in our subsequent audits to verify.

2.7 Arrears of rates and taxes

We noted from our review a reported balance of **D2,457,848** being arrears of rates and taxes as at 31 December 2018. However, there was no documentarily evidence to confirm the assessment criteria used in determining the rates charged nor was there any evidence of how did they arrived at the said arrears figure .

Implication

Without defined and appropriate assessment criteria, it will be difficult to collect and report on the actual rates and taxes due within the area.

Councils might use their own discretion in determining the amount to be charged without reference to any applicable criteria which might lead to resistance to pay by the tax payers.

Priority ranking of finding

High

Recommendation

Council with the relevant stakeholders needs to develop suitable assessment criteria that could be used in determining the rates and taxes. This should include, but not limited to, factors such as accurate database of tax payers, more realistic and equitable basis of allocating tax rates, improve the method of collecting taxes and rates.

Council need to reassess the amount reported as arrears of taxes and rates with a view to arriving at a more accurate balance which reflects the assessment criteria described above.

Management Response

No management response provided

2.8 Monitoring Activities (Finance unit)

Finding

We noted significant improvement with the review and monitoring functions within the finance department. However, we noted the following issues which require improvement:

- There is no defined line of review by way of appropriate instructions and documentation for staff to follow. For example not all books are reviewed and signed off by designated/ de-facto officers in charge of review.
- We have not seen evidence of resolutions and/or reprimands for anomalies found during reviews. This even though such anomalies have been noted by reviewers.
- Our own tests have revealed a number of misstatements with the collectors which were found to have already been reviewed. In some instances these were found to be basic issues such as casting errors and/or break in series in submission.

Implication

Unless there is an effective and holistic approach to reviews especially on cash collections, the council will remain exposed to losses which will have adverse effects on it operations.

Priority Ranking of Finding

High

Recommendation

The management should take the monitoring activity of the finance department seriously by making sure that adequate and regular reviews are observed over the entire collection process. Reference should be made to the *Finance and Accounting Manual for Local Government Authorities* for detailed guidance.

Management must also take lead in demonstrating the importance attached to the revenue of the council and take all necessary steps in preventing any attempts to cause loss therewith. Any actual misstatement must also be seen to be adequately addressed by application of necessary actions to recover and also serve as deterrence.

The management should begin the practice of ensuring that all activities of the finance department are conducted in accordance with the provisions of the *Finance and Accounting Manual for Local Government Authorities* to ensure efficiency and compliance.

Management Response

Response	The management will be monitoring the finance department regularly to ensure that adequate and regular reviews are observe over the entire collection process in accordance with the finance and accounting manual for Local Government Authorities
Action to be taken	Establishment of compliance unit
Officer Responsible	Director of Finance
Date when situation will be regularized	Immediate effect

2.9.1 Posting in Ranges

"All receipt vouchers and payment vouchers would have been entered in the cash book and filed in serial number order by the Accounts Clerk." (Section 907 Finance and Accounting Manual for Local Government Authorities)

Finding

We noted from our review of collectors cash book of a pervasive practice of posting GTRs in ranges. We have found numerous misstatements with such postings in the form of under reporting of collections.

Implication

This practice will not provide a proper audit trail and would also risk causing loss of revenue to the council. This may also be indicative of a serious problem of intentional fraudulent activities by the collectors involved in the practice.

Priority Ranking of Finding

High

Recommendation

Management of the council should ensure that revenue collections are serially entered in the cashbook. There should be a monitoring mechanism to monitor the process of recording the serials in the cashbook.

Management Response

Response	The Management will make sure that collectors will make serial entries in their cashbook
Action to be taken	Collectors has been warn to comply or disciplinary measures will be taken against him/her
Officer Responsible	Internal Auditor
Date when situation will be regularized	Immediate effect

Auditor's Further Comment

We have not been provided with evidence of warning to collectors regarding the above. However will verify this in our subsequent engagement

2.10 Payment from collections

Finding

We noted on numerous instances that payments are made directly from collections before being lodged. The collectors involved in this practice range from senior to even junior collectors. The junior collectors reported that they have been authorized by management (principally Director of Finance) to either incur or hand over part of the collections.

Implication

This is a poor internal control practice over collections and may provide opportunities for misappropriations of collection. Some payments which remained unaccounted for have been attributed to this practice.

Priority Ranking of Finding

High

Recommendation

Management should ensure that a control mechanism such as a petty cash system be introduced to handle petty expenses. Payment of a substantial amount should be done by preparing a payment voucher and drawing a Cheque.

Management Response

Response	The Management has instructed the Director of Finance to stop collectors doing payment from the revenue collected
Action to be taken	The management has established petty cash system to handle petty expenses
Officer Responsible	Director of Finance
Date when situation will be regularized	31 st May, 2019

Auditor's Further Comment

We are not provided with any evidence of the instruction given to the Director of Finance or the establishment of the petty cash system. We will make follow-up in our subsequent audit

2.11 Suppression of collections

"All collections made by the accounting staff should be immediately deposited to council's bank account(s) using pre-numbered pay-in-slip. No cheque or cash substitution shall be made from revenue collected." (Finance and Accounting Manual for Local Government Authorities 406)

Finding

We noted the following discrepancies amounting to **D60, 355** with collections in respect of the following collectors. The amount collected and amounts lodged and receipted were found to be different as detailed in the table below.

Date	GTR No. (Range)	Receipt No.	Details	Collected Amt	Posted/ Lodged Amt	Discrepancy	Collector involved
22/11/17	2683455-2683500	2794811	Payment of Rates license and taxes	106,620.00	86,520.00	20,100.00	Mandu Manneh
24/03/18	2791557-2791600	2794837	Payment of Rates, license and taxes	89,855.00	70,715.00	19,140.00	Mandu Manneh
30/03/18	2792043-2792049	2682642	Payment of rates and taxes	975.00	160.00	815.00	Manlafi Badjie
12/03/18	2971219	N/A	Collection of trade license	3,000.00	-	3,000.00	Ousainou Touray
30/03/17	2682491-2684700	2799804	Monthly canteen fees	82,200.00	81,200.00	1,000.00	Awa Cham
30/06/18	2795860-2795893	2968137	Land transfer certificates	36,000.00	30,000.00	6,000.00	Ousainou Touray
04/06/18	2684356-2684368	2794841	Payment of rates and taxes	24,140.00	23,840.00	300.00	Manku Manneh
Not dated	1948001-1949000	N/A	Market ticket	5,000.00	-	5,000.00	Tibu Camara
Not dated	1982001-1983000	N/A	Market ticket	5,000.00	-	5,000.00	Tibu Camara
Total						60,355.00	

Implication

This will lead to loss of revenue to the council. It may also be an indicative of a weak control environment which if left unaddressed could provide opportunities for more fraudulent activities.

Priority Ranking of Finding

High

Recommendation

Management should ensure that the suppressed amount in question be recovered and evidence provide for audit verification. Internal controls such as monitoring and reviewing of collectors book should be strengthen to avoid the re-occurrence of such.

Management Response

Response	The management will ensure that the suppressed amount in question are paid / recovered and evidence will be provided for audit verification
Action to be taken	Monitoring and supervision of collectors books will be a continues process to avoid the re-occurrence, warning letter was issue to the collectors concern for payment
Officer Responsible	Director of Finance
Date when situation will be regularized	31 st July, 2019

Auditor's Further Comment

We are not provided with evidence of the recoveries and the warning letters referred to in the response. We will verify this in our subsequent audit

2.12 Unaccounted Tickets/ Revenue Earning Books

"It is the responsibility of Director of Finance to ensure that all revenues or receipts due to the council are promptly collected and accounted for on a daily basis." (Finance and Accounting Manual for Local Government Authorities 402)

Finding

During our review of a sample of tickets and Revenue Earning Books, we noted an amount of **D25, 030** were not accounted for during the period under review. Details are shown in the table below

Serial number	Type	Amount	Collector	Remark
1996001-1997000	Market Tickets	5,000.00	Aja Soma Jallow	
2001001-2002000	Market Tickets	5,000.00	Aja Soma Jallow	
2971001-2971050	License GTR	13,030.00	Mandu Manneh	
2684192	Rates	not determined	Haddy Bah	The GTR has been torn off the book
2791743	Rates	not determined	Haddy Bah	The GTR has been torn off the book
2005801-2006000	Market Tickets	2,000.00	Tibu Camara	supplied to the collector but not accounted for in his cashbook
Total		25,030.00		

Implication

This will lead to loss of revenue to the council. It may also be indicative of a weak control environment which if left unaddressed could provide opportunities for more fraudulent activities.

Priority Ranking of Finding

High

Recommendation

Management should ensure that the revenue books in questions are properly accounted for and evidence produce for audit verification. Proper controls should be put in place to ensure revenue collected is accounted for on a regular basis.

Management Response

Response	The management will ensure that revenue book in question are properly accounted for and evidence will be produce for audit verification. For your information Mandu Manneh GTR serial no 2971001 – 2971050 has been recovered
Action to be taken	Proper control measures has been put in place to avoid the re-occurrence
Officer Responsible	Director of Finance
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

There is no evidence provided to us to confirm the recovery of the book in question. We will confirm this in the upcoming audit

2.13 Expenses not acknowledged

Finding

According to the Financial & Accounting Manual for Local Government Authorities, the Director of Finance must among other things ensure that:

"...Every amount due to the Council is promptly collected and receipted; and

...Revenue and receipts and receipts are properly accounted for and fully reflected in the books of account.

During our review of a sample of revenue collections, it came to our attention that the below listed collectors have made a number of payments out of the collections but which have not been acknowledged by the receiving cashier. The table below gives details of the payments.

Date	PV #	Payee	Description	Amount	Collector
10/9/17	Not numbered	Malang Sanneh	Being payment of two Night allowance	1,300.00	Isatou Baldeh
19/11/17	Not numbered	GNPC	Being payment of fuel for BsAC 3 motorcycle	200.00	Isatou Baldeh
17/11/17	Not numbered	GorgiKandeh	Being payment for torch light for watchman	250.00	Isatou Baldeh
20/11/17	Not numbered	Hassan Jallow	Being payment for workmanship for maintenance of MC-WB301TA	600.00	Isatou Baldeh
10/9/17	Not numbered	Alh Malang Sanneh	Being payment of transport	1,200.00	Isatou Baldeh
17/4/18-9/5/18	Not numbered	Sundry collectors	refund of transport fares	460.00	Isatou Baldeh
7/2/18-21/03/18	Not numbered	Sundry collectors	refund of transport fares	1,125.00	Isatou Baldeh
5/2/18-26/02/18	Not numbered	Sundry collectors	refund of transport fares	1,100.00	Isatou Baldeh
20/2/18-27/2/18	Not numbered	Sundry collectors	refund of transport fares to sarebojo	540.00	Isatou Baldeh
6/2/18-13/2/18	Not numbered	Sundry collectors	refund of transport fares to sarebojo	530.00	Isatou Baldeh
Total				7,305.00	

Implication

Without appropriate acknowledgement of such payments, it may be difficult to determine if such payment have been appropriately processed or whether they pertain to the council.

Priority Ranking of Finding

High

Recommendation

The collectors should not make any payments from the collections as this contravenes the requirements and responsibility. . All collections must be fully posted and lodged to the receiving cashier.

The Director of Finance must exercise responsibility by ensuring that the process of collection follows the appropriate practice as prescribed in the Financial Manual. The Collectors must also ensure compliance with the requirements of the guidance document.

The unaccounted amounts above must also be accounted for either by way of acknowledgment from management as authorized payment or be paid over to the receiving cashier. In each case the appropriate documentation must be furnished to us for verification.

Management Response

Response	The Chief Executive Officer has acknowledge the said amount 7,305.00
Action to be taken	The Chief Executive Officer has instructed the Director of finance to account the amount 7,305.00
Officer Responsible	Director of Finance
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

No evidence was retrospectively provided to us to confirm that such an instruction was made at the time.

2.14 Assets (Assets Register)

A fixed assets register helps organizations have effective control over the custody and use of its fixed assets. It also enables them to properly account for and thus report on the assets under its control for the reporting period.

The Financial Manual gives the following guidance on the form and content:

"Each Council should ensure that there is a control over the physical existence of the assets and a Fixed Asset Register maintained for that purpose." (Section 1005 (1) Financial & Accounting Manual for LGAs)

It went further to require the following as minimum content of the register:

"The Fixed Assets Register shall record the following information of each item:

- a. date of acquisition
- b. cost of purchase
- c. description of asset (including make or model)
- d. location
- e. insurance policy and date
- f. date of disposal"

".....Office Furniture and Equipment should be given unique identification numbers which are clearly written on them."

Finding

Our review of asset register revealed the following:

- Not all assets were recorded in the register (completeness);
- The values and purchase costs not identified;
- Actual locations not specified for all assets;
- Reference numbers not indicated on assets;
- Key description of assets not included in the register;

Details of the result of the sample of assets tested are given in the table below:

Date of purchase	Details	Tag Numbers	Remarks
Not available	Purchase of 4 Mahindra tractors	Not available	No date of purchase; no tag numbers; no depreciation value; and the cost of the item are not available.
30/11/18	Purchase of motor bikes for councilor (Omar Barry)	MC 13	No asset value
30/11/18	Purchase of motor bikes for councilor (Ebrima sissoko)	MC 15	No asset value
30/11/18	Purchase of motor bikes for vice chairman (Abba Jawara)	MC 12	No asset value
30/11/18	Purchase of motor bikes for councilor (Mbaye Touray)	MC 17	No asset value
30/11/18	Purchase of motor bikes for councilor (Abdourahman Camara)	MC 19	No asset value
30/11/18	Purchase of motor bike for councilor (Alagie Sanyang)	MC 20	No asset value

Implication

Without a proper maintenance of the register on the assets, it will be difficult to ensure proper control and management of the resources of the council.

Priority Ranking of Finding

Medium

Recommendation

The management must ensure that the register is upgraded to the standard required by the Manual .It must be maintained in an appropriate state at all times to enable them exercise proper control by way of regular reviews and updates as described in the manual.

Management Response

Response	The management has establish a register and has been up graded to the stranded required by the manual, and will be maintained in an appropriate state at all times to enable them exercise proper control by way of regular reviews and updates as described in the manual
Action to be taken	Register has been establish already
Officer Responsible	Development Officer
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

The evidence of the establishment of the register has not been provided for our review

2.15 Payroll/ Establishment Register

Section 501 (1) of the Financial & Accounting Manual for Local Government Authorities described the procedures for preparation and payment of personal emoluments thus:

".....An ESTABLISHMENT REGISTER is to be maintained for the purpose of recording details of recording details of all 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 increment date of the officer/employee*
- f. Staff employment number*

On the payment, the payroll is supposed to contain the following details:

- i. The name of officer
- ii. Position and grade
- iii. Staff employment number
- iv. Monthly basic salary
- v. Allowances
- vi. Gross emolument
- vii. Tax deduction
- viii. Other deduction
- ix. Net pay

Finding

Our review of the payroll & the establishment register revealed the following issues:

- Absence of staff appointment dates in the establishment register;
- Absence of birth certificates and/or Identification cards;
- Retirement dates of some staff not indicated in the establishment register;
- Some staff not included in the payroll.

We also noted discrepancy between position and grade on file and payroll. We noted staff paid lower than actual grade. The Acting Director of Finance could not provide any explanation for the anomaly. The details of the irregularities with the register are given in the table below.

Staff name	Date of appointment	Designation	Remark
Tai Janko	01/09/11	Cleaner	Different dates between the establishment register (01/09/11) and the appointment letter (28/08/14)
Awa Jallow	01/09/13	Market collector	Without birth certificate and identification card
Babucarr Baldeh	Not available	Office cleaner	No date of birth ,no appointment date and no retirement date in the establishment register
Fatou Kanyi	01/12/15	Market collector	Different names between appointment letter (Musu Kanyi) and ID card (Fatou Kanyi)
Lamin Dibba	04/07/17	Market collector	Name not included in payroll

Sarjo Jallow	Not available	Plumber	No date of birth ,no appointment date and no retirement date in the establishment register
Manjang Mballow	Not available	Office cleaner	No date of birth ,no appointment date and no retirement date in the establishment register
Foday Jallow	1995	Lumo collector	Is born in 1950 (ref birth certificate) and should have retire in 2010 but is still in active service though collections are done by his son samba jallow
Sarjo Suwareh	Not available	Lumo collector	No date of birth ,no appointment date and no retirement date in the establishment register
Foday Jallow	Not available	Mason	No date of birth ,no appointment date and no retirement date in the establishment register
Hagie susso	01/09/17	Driver	

Implication

Incomplete staff records will result into problems of determining their accurate status. It may also be difficult to confirm if such individuals are bona fide staff of the council.

Priority Ranking of Finding

High

Recommendation

Management through the Finance department is strongly urged to immediately review and complete the register with the accurate details for all employees. By extension all staff files should be reviewed with a view to ensuring that the accurate staff positions and grades are reflected in the payroll.

Management must ensure the Establishment register is kept accurate and up to date at all times to avoid inaccurate decisions and/or payments based on the database.

Management Response

Response	Management has instructed the Finance Department to urgently review and complete the establishment register/ payroll with the accurate details for all employees
Action to be taken	All staffs files are reviewed to ensure that the accurate staffs positions and grades are reflected in the payroll
Officer Responsible	Director Of Finance
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

The evidence for the review and updates to the register has not been provided for our review.

2.16 Fuel Register

Finding

During the audit, we noted that the council did not maintain a register for fuel. The current administration of fuel procurement is the direct purchase from vendors on a need basis. Most of the procurements were found not to be sufficiently documented.

Implication

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

Priority Ranking of Finding

Medium

Recommendation

Council should ensure that there exists a control mechanism in the procurement and usage of fuel (fuel register)

Management Response

Response	Management has establish a fuel register and control by the procurement officer
Action to be taken	The control mechanism has been put in place by issuing of fuel requisition form unless other wise
Officer Responsible	Procurement Officer
Date when situation will be regularized	30 th May, 2019

Auditor's Further Comment

The evidence of the establishment of the fuel register has not been provided for our review.

2.17 Non-maintenance of Petty Cash

"The council will operate a Petty Cash Float from which minor expenses can be paid....." (Section 709 Financial & Accounting Manual for Local Government Authorities

Finding

The Council did not maintain a petty cash system even though it was quite obvious it needed one. We had numerous evidences of payments made out of collection by both management and even collectors themselves to take care of urgent office expenses. These payments have sometimes remained unaccounted for and/or unauthorized.

Priority Ranking of Finding

Medium

Recommendation

Management is urged to consider introducing petty cash system without delay. Reference should be made to the Financial & Accounting Manual for Local Government Authorities for guidance.

Management Response

2.18 Payment Voucher Queries

2.18.1 Payments without adequate supporting Documentation

Financial and Accounting Manual 504 (c) Requires that

"For all expenditure, appropriate payment voucher must be completed by the finance staff. The payment voucher must be accompanied by the appropriate supporting documents such as Purchase Order, original Invoice/ bill/Debit Note, Time Sheets, Goods Received Note, Receipt Voucher, Payroll etc."

From the sample of vouchers we reviewed, the following payments were found not to be adequately supported documentarily. The table below gives details of a sample of payments

Date	Details	Payee	PV #	Amount	Remarks
24/02/17	Being payment for cost of toilet materials for council central market	Yabeh Jallow	217	14,475.00	No invoice attached
09/03/17	Payment of fuel arrears for Basse Area Council	Jah oil company	80	20,000.00	There is no invoice attached to the payment
13/12/17	Being payment of night allowance to Modou Sillah	Modou Sillah	334	3,900.00	The purpose of the trip is not specified
01/01/17	Being cost of	Ebou Gaye	3	2,865.00	No invoice attached
11/04/17	Payment for expenses incurred whilst officially travelling to attend a meeting in Banjul	Jahara Juwara	165	2,000.00	The trip was not specified and there was no documentation for the expenses incurred
22/03/17	Being payment of per diem for official travel	Saihuna Bajaha	56	1,000.00	There is no attachment for invitation nor an approval for the officer in question
24/03/17	Being payment of cost of fuel for BSAC 2 whilst on official trip to Banjul	Jallow oil	74	3,800.00	The purpose of the trip is not specified
Total				48,040.00	

Implication

Payments which do not have sufficient documentations would be difficult to prove as genuine and whether they pertain to the entity.

Priority Ranking of Finding

Medium

Recommendation

The Council must ensure that all payments are adequately supported at all times. The vouchers and their related supporting documentations must be filed together for review.

Management Response

No management response provided

2.18.3 Payments not acknowledged (without receipts)

During our review of a sample of payments, we noted instances where payments have not been acknowledged by the recipients. A sample of such payments are listed in the table below

Date	PV #	Details	Payee	Amount
Jan-18	122	Salary for development officer	Gorgi kandeh	6,932.00
Jan-18	124	Salary for masoner	Foday Jallow	3,594.00
01-Jan	132	Salary for office cleaners	Babucarr Baldeh	1,790.00
30/11/18	244	Being payment of 10% commission on collected rates and taxes	Sundry Alkalos	5,441.40
28/02/17	79	Payment to Mr Samba Jawo in respect of purchase of padlocks for the central market	Mr Samba Jawo	600.00
08/06/17	182	Payment for three nights allowance whilst travelling to Tumana on official visit	Musa Krubally	1,950.00
18/02/17	225	Being cost of motorcycle materials for BSAC 4 whilst on maintenance	Chucks & Chucks Ent	2,500.00
Total				22,807.40

Implication

Payments which are not receipted/ signed imply that the recipients have not formally acknowledged receiving the payments and therefore cannot be considered genuine.

Priority Ranking of Finding

Medium

Recommendation

The payments in question must be duly signed and receipted and provided to us for verification. Henceforth receipts and/ or acknowledgment signatures must be obtained from all recipients. Management must also desist from this practice

Management Response

No management response provided

2.18.4 Single Sourced Procurements

We noted from our tests that payments amounting to **D66,000** have been made which did not comply with GPPA requirements of triple sourcing. Details are listed below

Date	PV #	Details	Payee	Amount
25/12/17	31	Being payment of corrugated iron supply	Muhamed Ould Muhamed	34,000.00
03/10/2018	137	Being payment of house items	Amadou Jallow & sons enterprise	32,000.00
Total				66,000.00

Implication

Payments made in contravention to the GPPA procurement rules are inappropriate and risk being conducted not in the best interest of the council.

Priority Ranking of Finding

Low

Recommendation

Management must ensure that the rules over procurement are adhered to at all times. Any payment for which compliance is not feasible, approval for single source must be obtained from GPPA.

Management Response

No management response provided

2.18.5 Inappropriate payments

We noted during our examination of a sample of vouchers that payments have been made for activities which did not relate to the council. In other instances payments have been made which did not have sufficient authorization. The details are found in the table below.

Date	Details	Payee	PV #	Amount	Remarks
	Per diem paid to Musa Krubally for trip to Bissau	Musa Krubally	151	51,000.00	The travel clearance approval for the team from the ministry did not include Mr Krubally
10/02/17	Payment of allowance whilst attending Independence celebration (3 councilors x3)	sundry councilors	56	3,000.00	A rate of 1000 was paid to the councilors based on discretion rather than approved rate
22/03/17	Being payment of per diem for official travel	Saihuna Bajaha	56	1,000.00	A rate of 1000 was paid to the recipient based on discretion rather than approved rate
				55,000.00	

Implication

Unauthorized payments cannot be considered as genuine and therefore not appropriate charge to the council's funds.

Priority Ranking of Finding

High

Recommendation

All payments must be adequately approved and supported before they can be made. No payments must be made if it did not pertain to the council operation.

Management Response

No management response provided

2.18.6 Retrospective Approvals

We noted from review that voucher documentations are mostly done retrospectively after payment has been effected. This has resulted in a number of vouchers remaining unauthorized after the payment was long gone.

Implication

Payments not authorized at the appropriate stage (prior to expending) defeats the purpose of the control mechanism. This provides opportunity for inappropriate payments to be effected.

Priority Ranking of Finding

Medium

Recommendation

All payments must be authorized and approved at the appropriate stage; before payment. The retrospective approval should cease immediately.

Management Response

Response	Management has instructed the Director of Finance to adhere approval before payment
Action to be taken	Vouchers approved before payment
Officer Responsible	Director of Finance
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

We will verify compliance in our subsequent audit

3.1 Assessment of prior year matters**Finding**

Review of the prior year audit issues revealed that most of the recommendations from prior year audit were not implemented. See Annex A for details

Implication

In the absence of non-implementation of prior year audit matters, the purpose/value of audit will not be realized as stakeholders will not be provided with correct financial information of the audited entity

Priority Ranking of Finding

High

Recommendation

Council should ensure that recommendations made by the audit are implemented to satisfy the purpose of the audit

Management Response

Response	Management will ensure that recommendation made by audit will be implemented to satisfy the purpose of audit
Action to be taken	Action has been taken against defaulters
Officer Responsible	Chief Executive Officer
Date when situation will be regularized	28 th June, 2019

Auditor's Further Comment

Despite improvements with some prior year matters, some remained the same and management did not indicate any course of action taken/to be taken to address them. See the table below for the details:

Prior Audit Matters

No	Management Letter Point	Risk/ Implication	Current Status
1	Failure to prepare Financial Statement	Stakeholders will not be able to assess the financial status of the council	This remains the same. Financial statements are still not prepared
2	No internal audit unit	Weak internal control mechanism. No means for regular assessment and timely resolution of risks	There is now an internal audit unit. See management letter point 2.5 for details
3	Unsatisfactory maintenance of cashbook	Improper maintenance of cash book may result in some items not being accounted for during the period under review.	The 2017 cashbook was still found to have issues. However the 2018 cash book was found to have significant improvement. We still noted some deficiencies requiring improvements as detailed in our current management letter.
4	Unaccounted market tickets	There is a continuing risk of material misstatement (loss of revenue) resulting from the weak control over the administration and monitoring of revenue collection by management.	We still have issues with missing tickets and GTRs. Details can be seen in our current management letter
5	Payments not signed by the authorizing officer	A payment not authorized provides opportunity for inappropriate payments to be effected.	We still have issues with non-authorized payments. Details can be seen in our current management letter
6	Un-posted collections	May result in some revenue collections not being accounted for during the period under review.	We still have issues with un-posted collections. Details can be seen in our current management letter
7	Confirmation of lodgments	May result in some revenue collections not being accounted for	There are still issues with lodgments as reported in the current ML
9	Payments to Governor's Office	Resolved	We have not had issues with such payments in the current audit

10	60% Ward Development Contribution	There is risk of not accomplishing ward development plans when required funds are not allocated	There is an arrangement for 60% of all rates collections to be deposited into a designated account for ward development. There is however no evidence that the allocation is applied to the ward development
12	Failure to Maintain an Establishment Register	There is a continuing risk of misstatements from poor record keeping. This is a symptom of the weak control environment and internal control.	An establishment register has now been maintained. We have however found issues with its completion as highlighted in the current management letter
13	Rates and Taxes Arrears	See management letter point 2.7 for details	This problem still remain
14	Understatement of Collections in the Main Cash hook	There is a risk of material misstatement (loss of revenue) resulting from the weak control over revenue collection	There are still issues with understatements of collections as highlighted in the current management letter
15	Failure to prepare Bank Reconciliation statement	Risk of errors with council's records (cashbooks & bank statements) which may not be detected and corrected (on time)	The council do not still perform bank reconciliations