

SUMMARISED AND SIMPLIFIED AUDIT REPORT

CITIZEN-FRIENDLY VERSION OF THE 2020
FINANCIAL STATEMENTS AUDIT REPORT OF THE
GOVERNMENT OF THE GAMBIA



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INTRODUCTION

MANDATE AND FUNCTION OF THE AUDITOR GENERAL

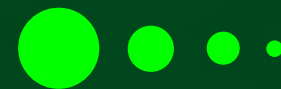
The 1997 Constitution of the Gambia establishes the Office of the National Audit Office (NAO) as an office in the public services headed by an Auditor General.

The Auditor General is mandated by the Constitution of The Gambia to “at least once in every year audit and report on the public accounts of The Gambia, the accounts of all offices and authorities of the Government of The Gambia, the accounts of the Courts, the accounts of the National Assembly and the accounts of all enterprises”.

AUDITOR GENERAL'S OPINION ON THE GOTG 2020 FINANCIAL STATEMENTS

This audit covered the period from 1st January 2020 to 31st December 2020, on the Financial Statements of the Government of The Gambia, prepared by the Accountant General. The Auditor General issued an 'Adverse Audit Opinion' on the audit of the 2020 Financial Statements.

An audit opinion is a formal statement made by an auditor concerning the Financial Statements. An Adverse opinion signifies that the Financial Statements that were audited contained significant issues also referred to as 'material misstatements' in the technical audit term. The main report can be accessed from the NAO website www.nao.gm



SUMMARY OF KEY FINDINGS FROM THE 2020 AUDITOR GENERAL'S REPORT

MISSTATEMENT IN THE NOTES TO THE FINANCIAL STATEMENTS



There were differences between the trial balance and the Financial Statements for the following account balances as follows:

- Cash and Cash Equivalents: Understated by **D88,197,691.58**
- Deposits: Understated by **D135,458,189.76**
- Accounts Payable: Understated by **D1,044,993.60**
- Receivables: Overstated by **D1,285,461,104.25**

These variances highlight significant mismatches requiring reconciliation.



AUDIT REPORT REFERENCE: P.20



RISK LEVEL: HIGH

UNIDENTIFIED ACCOUNT LINE ITEMS IN THE EXTENDED TRIAL BALANCE (ETB)



The review of the financial statements and **Extended Trial Balance (ETB)** found line items in the ETB amounting to **D131,067,541.59** that could not be linked to the Financial Statements.



AUDIT REPORT REFERENCE: P.25



RISK LEVEL: HIGH

VIREMENT TO CREATE NEW POST

Twenty (20) Virements totaling **D79,058,793.00** were made both within and across sectors to create new positions. This is a violation of the **Financial Regulations part III, 19(2b)** that, “*Virement may not be used to – create a new position or alter an approved salary scale*”.



AUDIT REPORT REFERENCE: P.35



RISK LEVEL: HIGH

FAILURE TO PRESENT MONITORING AND EVALUATION (M&E) FORMS.



MDAs failed to submit Monitoring and Evaluation Reports to the Ministry of Finance and Economic Affairs, indicating what activities were implemented based on the funds provided after each quarter as per the dictates of the budget call circular of 2020. In the absence of an activity report, it will be difficult to justify that public funds are spent on the intended purposes.



AUDIT REPORT REFERENCE: P.38



RISK LEVEL: HIGH

VIREMENTS ABOVE SEVENTY-FIVE PERCENT THRESHOLD WITHOUT MINISTER'S APPROVAL

As per the audit it was revealed in the examination of the itemized report that nine **(9) virements** totaling **D67,250,803.00** were made beyond the seventy-five percent standard **without evidence of the Finance Minister's Permission.**



AUDIT REPORT REFERENCE: P.40



RISK LEVEL: HIGH

FAILURE TO APPROVE VIREMENT

After a review of the MDAs files at MoFEA, it was discovered that accumulated transfers of **D76,585,408.00** were made both inside and across budget unit without the Minister's approval as dictated by law.



AUDIT REPORT REFERENCE: P.47



RISK LEVEL: HIGH



DIFFERENCES BETWEEN GENERAL LEDGER BALANCE & CASH BOOK BALANCE

The audit revealed that the General ledger balance and the Cash book balance of the TMA account had a difference of

D10,086,877.61



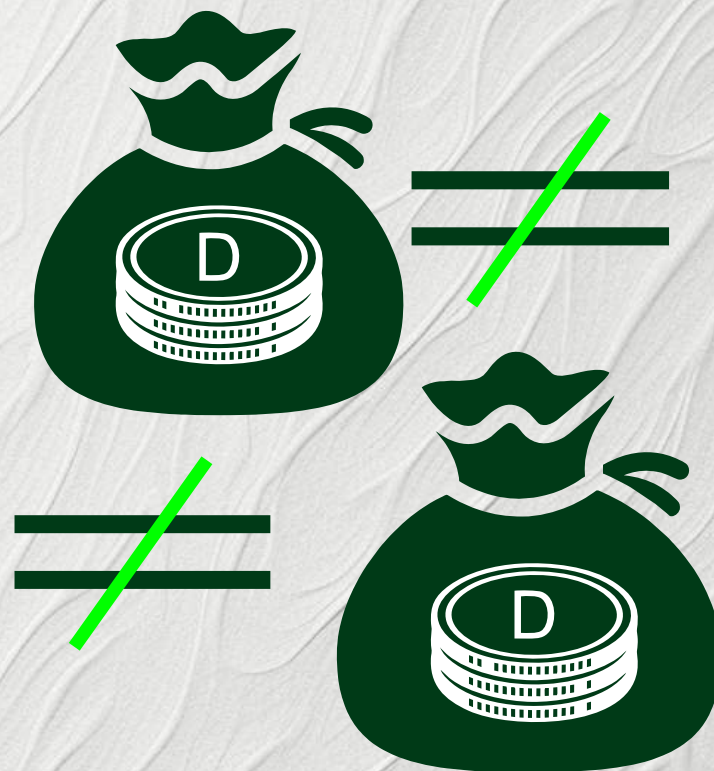
AUDIT REPORT REFERENCE: P.49



RISK LEVEL: HIGH

DIFFERENCES BETWEEN INDIVIDUAL BTL PROJECTS ACCOUNT BALANCE AND BASKET ACCOUNT

A difference of **D17,588,719.15** was found between the cash book for BTL projects and the basket account (a special project bank account) with the latter having more money than what was recorded in the cashbook for certain projects.



AUDIT REPORT REFERENCE: P.54



RISK LEVEL: HIGH

CANCELLED CHEQUES ENCASHED



Cheques totaling **D1,921,215.85** were taken out of the bank even though they had been declared cancelled or voided in the IFMIS.

This is indicative of a fraud risk



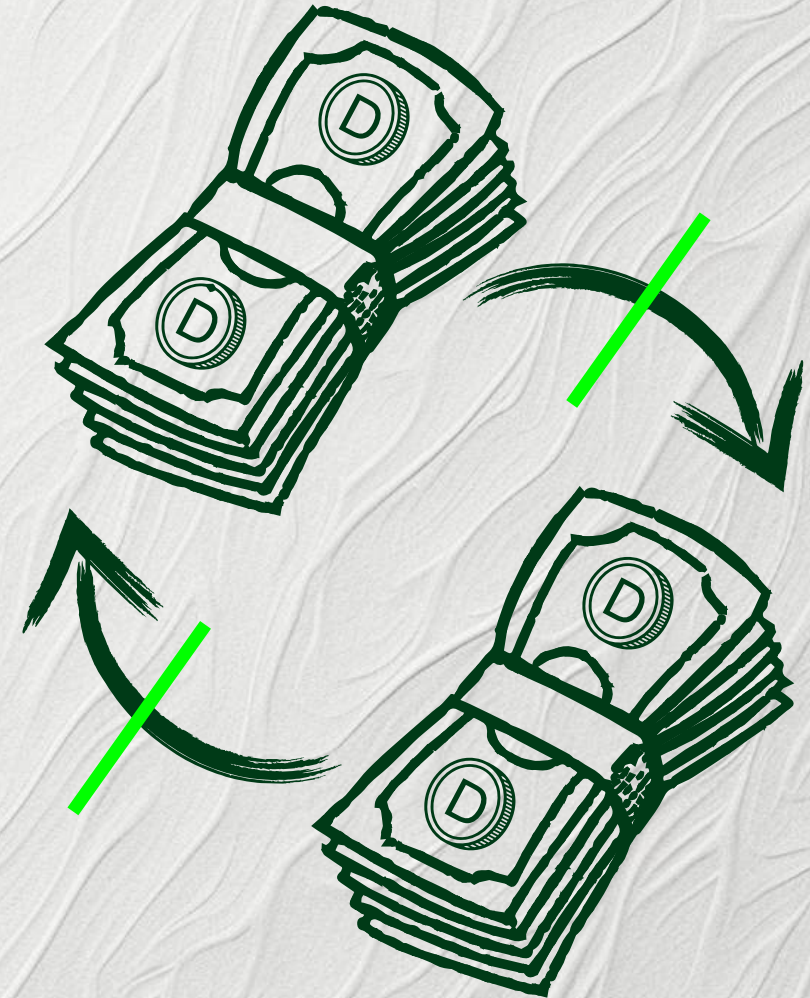
AUDIT REPORT REFERENCE: P.56



RISK LEVEL: HIGH

DIFFERENCES IN CASH BALANCES

We noted that the cash balances disclosed in the statement of financial position (note 15) did not agree with the balance disclosed under the statement of cash receipts and payments leading to an **Overstatement of D6,867,058.34.** This is indicative that the statement of financial position was overstated.

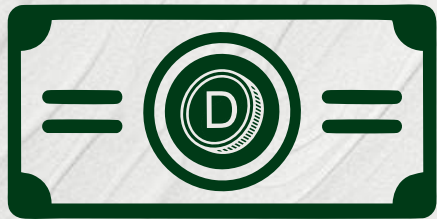


AUDIT REPORT REFERENCE: P.61



RISK LEVEL: HIGH

**NOT
CLEARED**



TRANSFER ACCOUNTS NOT CLEARED

We noted from the review of the trial balance that there were accounts which were not linked to any disclosures in the financial statements. In addition, **Accounts** with **D1,006,493,482** were **Not Cleared to Zero** as at the year-end 31 December 2020. Financial statements might be misstated.



AUDIT REPORT REFERENCE: P.63



RISK LEVEL: HIGH

NO INFORMATION SYSTEM TO NOTIFY ACCOUNTANT GENERAL OF CIVIL SERVANTS DUE FOR RETIREMENT

The audit found that there was **No Information System** in place to **Monitor** and notify the Accountant General of **Civil Servants Retirement Date**

This might allow **Civil Servants** to **Continue** in government **Service** well **After** they are due for **Retirement.**



AUDIT REPORT REFERENCE: P.78



RISK LEVEL: HIGH

NO MONITORING MECHANISM FOR THE DEDUCTION OF SECONDED OFFICERS

There was **No Monitoring Mechanism** for **Payment of Secondment** contribution due from **Seconded Employees.**

The late payment of contribution might deprive government of relevant cash flows needed to cover government expenditures.



AUDIT REPORT REFERENCE: P.90



RISK LEVEL: HIGH

UNCONFIRMED COMPENSATION PAID TO FARABA BANTANG VICTIMS

Audits noted a payment of **D18,271,058.00** claimed to have been made to the **victims** of the **Faraba Banta incident**.

However, the list that was given to the audit team **Lacked Critical Details** (phone numbers, victim's parents, and next of kin) which would have allowed the audits teams to **Verify** that **The Money** had really **Been Received**.



AUDIT REPORT REFERENCE: P.94



RISK LEVEL: HIGH

ACCRUED ARREARS TO SOCIAL SECURITY AND HOUSING FINANCE CORPORATION (SSHFC)

The audit found that the Accountant General Department's **Failure** to fully **Remit D6,576,480.00** (with only D5,620,506.85 paid remaining a **Balance of D955,973.15**). The injury vote at SSHFC poses a risk of non-payment of injury compensation to civil servants.

Government is building-up arrears with social security leading to a **Risk of Non-Payment** of **Injury Compensation** to **Civil Servants** in need.



AUDIT REPORT REFERENCE: P.96



RISK LEVEL: HIGH



UNJUSTIFIED SINGLE SOURCE PROCUREMENT

Two payments totaling **D649,300.00**, which **Exceeded** the **Threshold** for **Single Sourcing** were made through single-source procurement without GPPA's approval.

There is a risk that the request for quotation from other suppliers was avoided to award contract to **Favored Suppliers.**



AUDIT REPORT REFERENCE: P.98



RISK LEVEL: HIGH

INVOICES RECEIVED PRIOR TO RECEIVING REQUEST FOR QUOTATIONS AND PURCHASE ORDER

The audit discovered that suppliers whose bills had been collected before receiving the request for quotation had received payments totaling **D 603,775.00**. There is a risk that the appropriate procurement process and procedures were compromised, and procurement were made to favored suppliers.



AUDIT REPORT REFERENCE: P. 100



RISK LEVEL: HIGH

UNPRESENTED SUPPORTING DOCUMENTS

The audit discovered that **Thirty-Two (32) Payment Vouchers** for capital expenditure, **Totalling D1,517,329,882.42,** and **Twenty (20) Payment Vouchers** for other expenditures totaling **D27,360,324.10** were **Missing** in the necessary supporting documentation.

In the absence of key documentation such as delivery notes, there is a risk that items/goods were not delivered by the suppliers.



AUDIT REPORT REFERENCE: P. 102



RISK LEVEL: HIGH

DIFFERENCES BETWEEN DAILY ACCUMULATED COLLECTION AND AMOUNT TRANSFERRED TO THE ESCROW ACCOUNT

The audit observed **Discrepancies** of **D 646, 959.50** between the sums sent to the **First International/VISTA Bank Escrow Account** and the amounts obtained from the details of scanning fees recorded in an excel file (which represented the cash book).

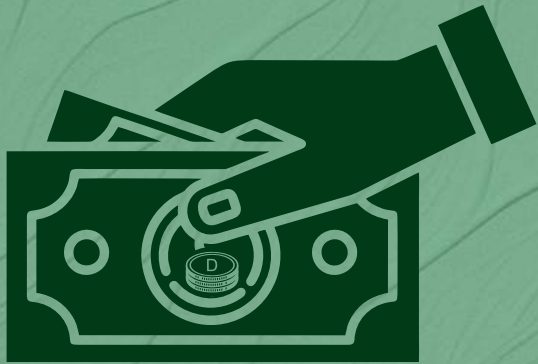
There is a risk that the amount transferred to the Escrow account was understated leading to loss of revenue to government.



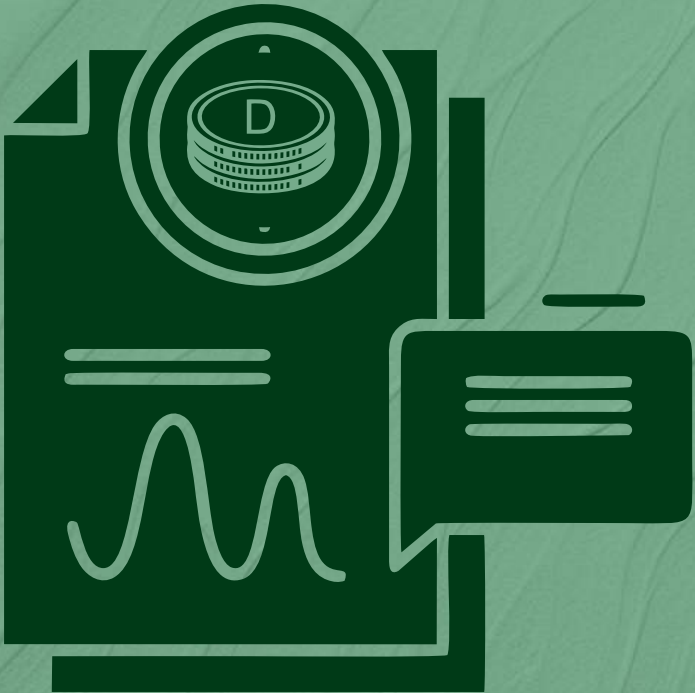
AUDIT REPORT REFERENCE: P. 109



RISK LEVEL: HIGH



DIFFERENCE BETWEEN BANK STATEMENTS AND THE DAILY COLLECTIONS



Upon review of the **Escrow Bank Statements, Discrepancies** totaling **D 111,721.00** were found between the Bank Statements and the total **Daily Receipts** that **GRA Collected**

There is a risk that not all funds were accounted for.



AUDIT REPORT REFERENCE: P.114



RISK LEVEL: HIGH

GEOLOGY AND MINISTRY OF FISHERIES - FAILURE TO PRESENT SUPPORTING DOCUMENTS

The audit discovered that the **Department of Geology** and **Department of Fisheries** had **Collected Income totaling D2,991,957.85** without **Sufficient Documentation.**

In the absence of the relevant supporting documents such as application forms and approval letters it would be difficult to determine the actual license fees collected by departments, as well as the amount charged as a penalty which could cast doubts on the integrity of the out of court settlement.



AUDIT REPORT REFERENCE: P.126



RISK LEVEL: HIGH

GEOLOGY - UNPRESENTED SUPPORTING DOCUMENTATION

A cumulative **Disparity** of **D3,276,409.00** regarding collections from the **Department of Geology** was found upon reconciling the entire money received from the **General Triplicate Receipts (GTR) Books** issued against the total deposit-slips. There is a risk that not all collections were accounted for and accurately deposited into the relevant bank account thus increasing the risk of misappropriations.



AUDIT REPORT REFERENCE: P.132



RISK LEVEL: HIGH

FAILURE TO PRESENT DOCUMENTS ON THE SALE OF ASSETS BY THE JANNEH COMMISSION

The audit found **Missing Documentation for Treasury Receipts** totaling **D706,306,614.07** (of which only **D40 million was presented**) from asset sale by the Janneh Commission, **Key Documents**, including bidding details and asset valuations, **Were Absent**, casting doubt on the transparency of the asset disposal process.



AUDIT REPORT REFERENCE: P. 143

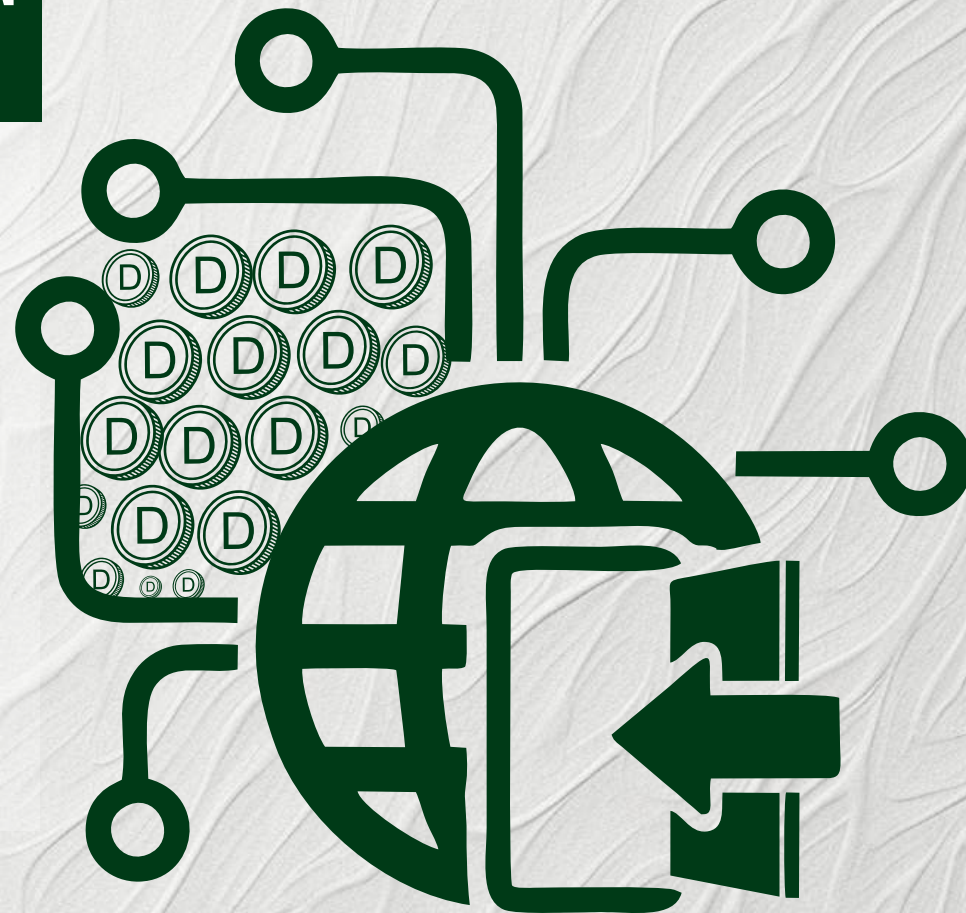


RISK LEVEL: HIGH

OUTSTANDING BALANCES OWED BY GAMCEL ON GATEWAY FUNDS

The audit discovered that **Gamcel** **Owed D11,473,267.54** in **Arrears** to the **Gateway funds** for the 2020 fiscal year.

There is a risk that this outstanding arrears might never be recovered leading to a potential liability on the government.



AUDIT REPORT REFERENCE: P.145



RISK LEVEL: HIGH

NO APPROVAL BY THE PERMANENT SECRETARY

The auditors found that **Vouchers** amounting to **D2,184,706.00** relating to **Imprest Disbursement** to the various Ministries and Departments were **Not Approved** by the **Permanent Secretary**, Ministry of Finance and Economic Affairs.

There is a risk that activities for which imprests were requested were not genuine without the approval of the Permanent Secretary.



 AUDIT REPORT REFERENCE: P. 154

 RISK LEVEL: HIGH

UNRETIRED IMPRESTS

The audit identified **Unretired Imprests** amounting to **D1,994,950.00**. The audit team was unable to obtain original receipts to verify the retirement of the incurred expenses.

There is a risk that the imprest was used for unintended purpose.



AUDIT REPORT REFERENCE: P. 156



RISK LEVEL: HIGH

UNCLEARED BALANCES IN THE STATEMENT OF OUTSTANDING COMMITMENTS



The audit noted an outstanding balance of **D46,360,820.00** in respect of commitments from Ministries, Agencies and Embassies/Missions.

There is a risk of poor monitoring of budget execution as funds may not be available for goods and services already committed.



AUDIT REPORT REFERENCE: P.170



RISK LEVEL: HIGH



MISUSE OF THE CONTINGENCY FUND

The audit revealed that expenditures amounting to **D474,383,920.00**, which should have been budgeted for, were made from the **Contingency Fund**. Furthermore, these expenditures did not **qualify** as **unforeseen** or **urgent**.



AUDIT REPORT REFERENCE: P. 180



RISK LEVEL: HIGH

FAILURE BY SECTORS TO PROVIDE INFORMATION ON GRANTS RECEIVED

Ministry of Agriculture and Ministry of Foreign Affairs, International Corporation and Gambians abroad **Failed to Provide Information on Grants Received** even though circularization letters were sent to them by NAO.

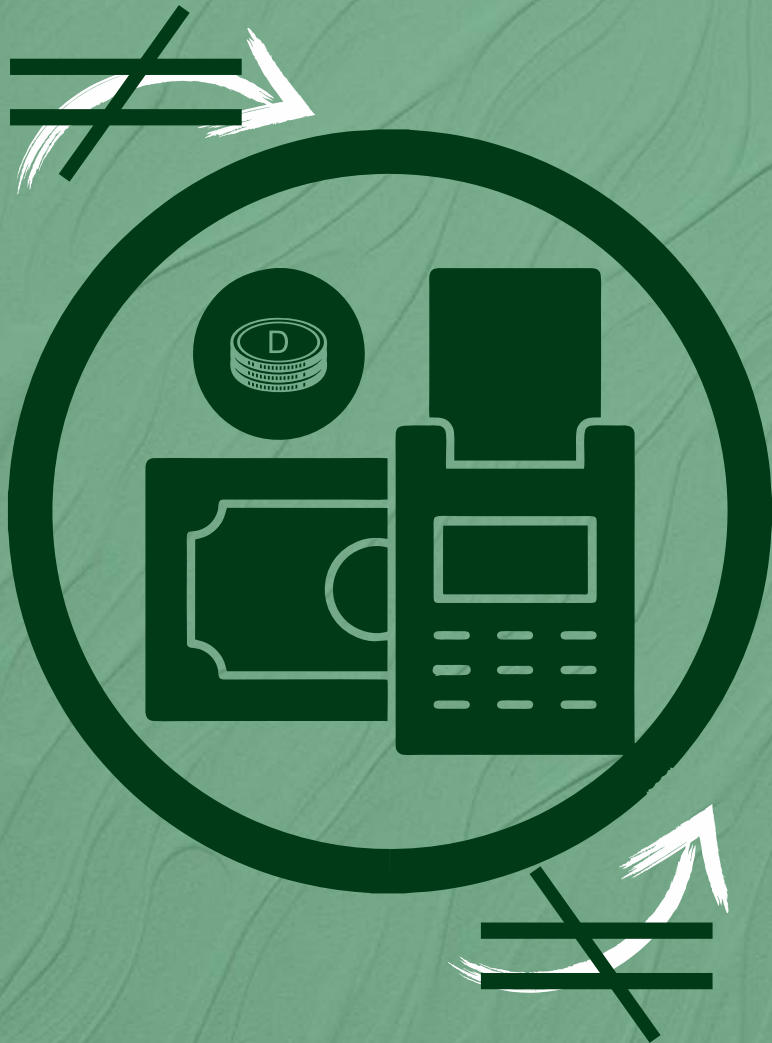
Failure to provide records of grants disbursement by the sectors has limited the scope of the audit on grants and as such the auditors **Could Not Confirm** the **Accuracy** and **Completeness** of **Grants Received** by the Government during the year under review.



AUDIT REPORT REFERENCE: P. 189



RISK LEVEL: HIGH



WRONG DISCLOSURE OF ACCOUNT PAYABLE BALANCES IN THE FINANCIAL STATEMENTS

The audit identified a discrepancy of **D 1,044,993.60** between the balance of the **Payables General Ledger Account** and the **Payables Account Balance** in the **Financial Statement**.

There is a risk that the accounts payables balances disclosed in the financial statements were inadequate, misstated and misleading.



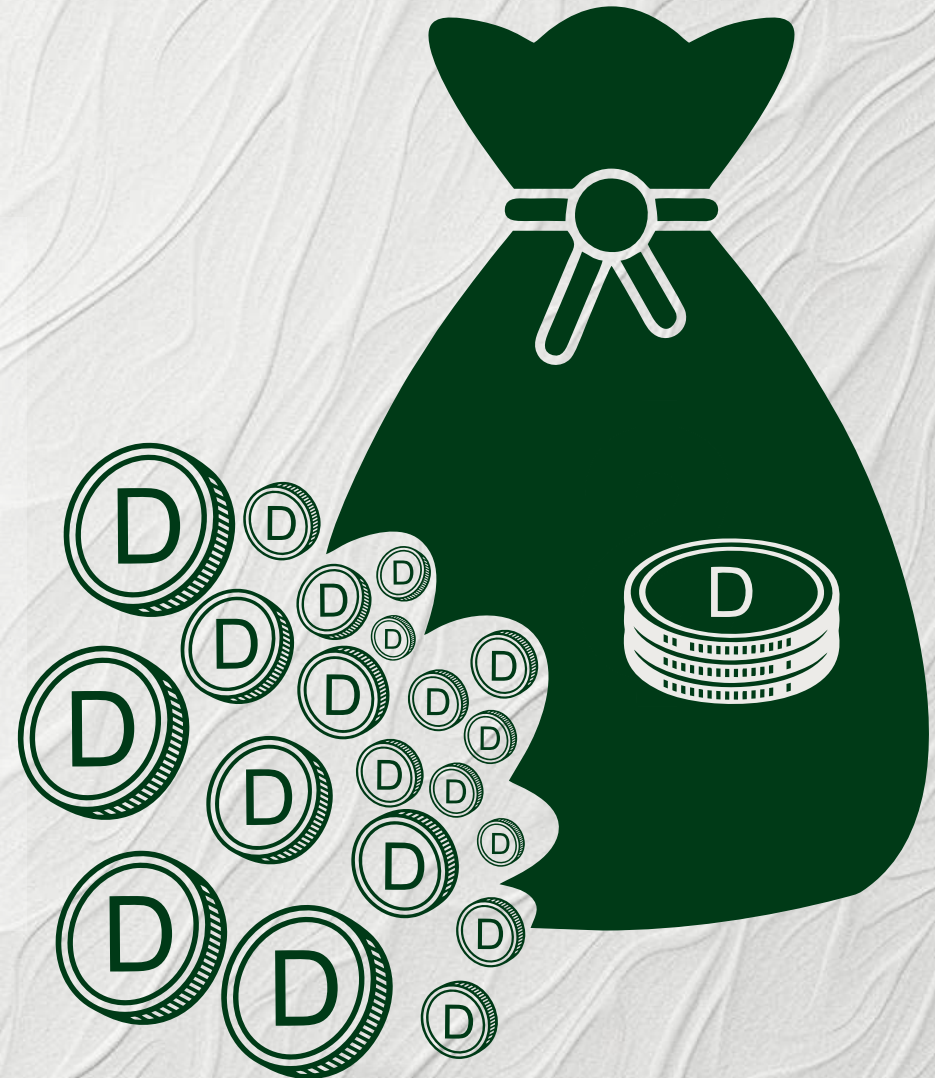
AUDIT REPORT REFERENCE: P. 195



RISK LEVEL: HIGH

FAILURE TO QUANTIFY AND DISCLOSE LOSSES OF PUBLIC MONIES

Discussions with Ministry of Fisheries officials revealed a fire incident in December 2019 leading to the loss of valuable items, yet Neither the Extent of the Loss was Documented in the statement of losses of Public Monies, Nor was there Evidence of the loss advisory committee considering the matter for potential write-off. There is a risk that the amounts disclosed under losses of public money were misstated.



AUDIT REPORT REFERENCE: P.202



RISK LEVEL: HIGH



MISCLASSIFICATION OF LOAN PAYMENTS (PRINCIPAL & INTEREST)

The audit revealed that principal repayments of **D108,452,653.61** were **Wrongly Classified** as **Interest Payments**

This may lead to high Foreign Debt servicing cost (Interest and principal payments) being overstated distorting the approved budgeted amounts on the various heads of accounts.



AUDIT REPORT REFERENCE: P.207



RISK LEVEL: HIGH

DIFFERENCES BETWEEN LOAN PAYMENT SCHEDULE AND PAYMENT BILL RECEIVED FROM CREDITORS

The audit noted **Differences** of **D55,201,519.85** between **Payment Schedule** and the **Bill Sent** in by the creditors in respect of interest and principal payments held in the meridian loan system leading to **Excess Payments** made to creditors.

This is indicative of weak internal control and if not addressed could result loss of resources to government.



AUDIT REPORT REFERENCE: P.209



RISK LEVEL: HIGH



FAILURE TO PRESENT MINUTES OF LOAN NEGOTIATIONS

The Government of the Gambia contracted **Two Loans** during the year under audit, but the **Minutes of the Loan Negotiations** were not provided to the audit team making it unclear whether necessary stakeholders were involved.

There is a risk that adequate consultations with relevant stakeholders were not done during the negotiations of the above-mentioned projects.



AUDIT REPORT REFERENCE: P.219



RISK LEVEL: HIGH

NON-REPAYMENT OF STATE LENDING TO STATE-OWNED ENTERPRISES (SOES)

The audit noted government **On-Lend Loans of D1,792,700,000** to these **SOEs:** Gambia Civil Aviation Authority, Gambia Telecommunication (GAMTEL)

There is a risk of significant loss of public funds if these amounts remained outstanding.



AUDIT REPORT REFERENCE: P.221



RISK LEVEL: HIGH

FAILURE TO PREPARE A BORROWING PLAN



The audit noted that there was **No Borrowing Plan** prepared by the **Ministry of Finance** to comply with the dictates of Section 39 (1-4) of the Public Finance Act 2014.

In the absence of a borrowing plan, it will be difficult to forecast the cash inflows and outflows of both external and domestic borrowing.



AUDIT REPORT REFERENCE: P.242



RISK LEVEL: HIGH



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