



SUMMARISED AND SIMPLIFIED AUDIT REPORT

CITIZEN-FRIENDLY VERSION OF THE 2019 FINANCIAL STATEMENTS AUDIT
REPORT OF THE GOVERNMENT OF THE GAMBIA



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INTRODUCTION

The Auditor General's Opinion on the 2019 audit report of the Government of The Gambia (GoTG) Financial Statements was an **ADVERSE OPINION**. This means that the GoTG's Financial Statements did not present fairly its financial position as at 31st December 2019; as well as its financial performance in accordance with the **Public Finance Act 2014** and the **International Public Sector Accounting Standards (IPSAS)** Cash Basis.

This summarised and simplified audit report (also known as a citizen-friendly audit report) is part of the strategic priorities of the NAO for the development of easy-to-understand citizen-friendly audit reports for its stakeholders. The ultimate aim of producing citizen reports is to facilitate public comprehension of the rather technical report and in summarised content. This goes to enable more public understanding and consumption of our audit reports for the needed audit impact.

The main audit report of the 2019 GoTG Financial Statements audit has since been published on the NAO website **www.nao.gm** and can be accessed and reviewed for detailed information on matters summarised in this simplified report.

Completion and publication of the 2019 report has helped to further narrow the audit backlog period as the NAO and all relevant stakeholders continue to put in effort to clear the audit backlog in the shortest possible time and be reporting in current year basis.

About the National Audit Office

The National Audit Office (NAO) was established under the Constitution of the Republic of The Gambia as the Supreme Audit Institution (SAI) to assist the Auditor General in the performance of the functions conferred on him or her by the Constitution or any act of the National Assembly.

The NAO helps Parliament hold the government to account for the way it spends public money. NAO does this by auditing the finances of public bodies and scrutinizing public spending to assess facts and value for the taxpayer.

The Auditor General has the responsibility to audit the accounts of all Government institutions, Local Government Authorities, and other public bodies. NAO was granted autonomous status by the National Assembly through the National Audit Office Act 2015.





NAO's Vision

To provide independent professional audit services to the people of The Gambia on the economic efficient and effective use of public resources.



NAO's Mission

To provide independent professional audit services to the people of The Gambia on the economic efficient and effective use of public resources.

SUMMARISED AUDIT FINDINGS

NON-COMPLIANCE WITH REGULATIONS

Virements Approval

We noted virements amounting **D67,960,645** were made between and across budget entities **without evidence to suggest that they were approved by the Minister of Finance before transfers were made**, contrary to the provisions of the Financial Regulations 2016.



Failure to notify budget entities of virement

The audit also noted virements totalling **D2,469,441,458** were made between and across budget entities **without evidence of a formal notification** sent by MoFEA to the budget agency /entities before or after virements are made contrary to the Financial Regulations.



Unjustified Single-Source Procurement

We observed violations of the GPPA 2019 Regulations on single-source procurement across various ministries. The Regulations requires that the

purchase of goods over **D20,000** and works over **D50,000** be subjected to **competitive bidding** from at least 3 different suppliers in order to avoid perceived favouritism and corruption. But when we reviewed a sample of payment vouchers from various ministries, we found that many such procurements were single sourced, meaning just one supplier was considered.

The provision stated by the GPPA 2019 Regulations on single-sourced procurement was not adhered to.

NON-COMPLIANCE WITH REPORTING STANDARDS

Material Differences between Budgeted and Actual Amounts

The International Public Sector Accounting Standards (IPSAS 1.712 Part 1) requires an explanation of the material difference between actual amounts and budgeted amounts.

This explanation is important because it helps users of the financial statements like the NAO, Internal Audit, and others to understand the reasons for significant departures from the approved budget for which the Ministries Departments and Agencies (MDAs) are held accountable. This required explanation was not done in line with the said IPSAS standard.



Failure to present information on Budgetary Process

Key documentations to support accurate budgetary process were requested during our audit, as listed below but none was provided. As a result, we could not ascertain whether the 2019 Budget for the Government of The Gambia was prepared in accordance with Call Circular guidelines on the implementation of Program Based Budgeting as follows:



- Forecast revenue submitted by **MDAs**
- The Budget Bilateral Meeting minutes of the all the **MDAs**
- Nominal roll of MDAs submitted by PMO to Ministry of Finance and Economic Affairs (MOFEA) at the beginning of the year:

UNPRESENTED SUPPORTING DOCUMENTATION

Failure to provide the number of containers exported by agents

Third-party confirmation received from Gambia Ports Authority (GPA) revealed that two **thousand three hundred and ninety-three (2,393)** containers of wood/timber were shipped during the period 1st January 2019 to 30th April 2019. However, **the information for the number of containers shipped between May to December 2019 were not provided as well as details of bank accounts including bank statements in which collections or proceeds from these shipments were made.** This is an indication of inadequate monitoring and coordination.



CONTROL WEAKNESSES

Management and Control of GRA receipt books

Review of the receipt books revealed that the **Gambia Revenue Authority (GRA)** directly **contracted Gambia Printing and Publishing Corporation (GPPC)** for the printing of

6,500 revenue receipt books during the period under review, instead of **allowing the Accountant General's Department (AGD) to request on its behalf as per section IX (58) of the Financial Regulation 2016.**

These receipts books are **strictly controlled and managed** by GRA **contradicting both the Financial Regulations as well as section 6 (4) of the Public Finance Act 2014.** There is a very high probability that it would be difficult to properly account for government revenue if revenue books are not controlled and managed by the Accountant General.



Un -Accounted Receipts

The audit team noted that **the Geology Department did not maintain a cash book to record collections made in respect of licence fees and royalties on both sand mining operations and stone quarries.** Revenue balance is at a risk of being misstated, since the amounts in question could not be traced back to the cash book.



Non-Monitoring of Shipment



The audit noted that licenses have been issued to a mining company (**Gambia Angola and China Global Company -GACH**) for the exportation of sand with

an agreed **60% sharing** of revenue to government for each shipment.

The Geology Department, however, **has no control in place to verify number of shipments made or amount of sand exported** from the country and solely rely on the **Bill of Quantities (BOQ)** provided by **GACH**. This is indicative of huge internal control weakness in the collection of revenue at Geology.

ACCOUNTING ERRORS AND MISSTATEMENTS

Differences between Financial Statement balances and Cashbook figures

Review of the financial statements against the cashbook report **revealed a difference of D55,090,347 between the tax receipts disclosed in the Statement of Revenue and Payments under note (3a-3f) of the financial statements, and the tax revenue receipted in the cashbook for the period under review and as a result the requirement of IPAS 1.3.12 was not met.**

There is risk that the revenue balance in the financial statements is misstated.





Understatement of the borrowing balance

We noted that borrowing balance amounting to

D1,806,865,640 was understated in the statement of financial position which could lead to the misstatement of borrowing balance disclosed in the financial statements.

The borrowing balance stated in the financial statement might be incorrect.

Overpayment of loan interest

During the examination of payment vouchers relating to loan number 36060 (**Gateway Project**) and **OFID Loan agreement** No. 1128P (**Third Public Works**

Project), we noted an over payment of **USD4,871**, equivalent to

D244,228 in respect of interest payments.

Government is at a risk of losing huge amounts of money due to overpayment of loan interests.

Stale Cheques



During the review of the bank reconciliation, **we noted that undrawn cheques and payments in the Treasury Main Account (TMA) and other bank accounts from current and previous years have gone stale and remained outstanding in the cash book.** This indicates Accountant General's failure to adequately monitor and control these accounts.

Appendix 10 of the final audit report highlights the amount of stale cheques accumulated during the period.

MISCLASSIFICATIONS

Misclassification of Revenue accounts as third-party accounts

Review of the statement of deposit in the financial statement revealed that **six (6) revenue accounts were wrongly classified as third-party deposit**. These revenue accounts include;

- Vaccination of International Travellers
- Sale of bidding documents
- Proceeds from the Sale of Printed forms
- Fines/Penalties/ Misconduct
- Proceeds from Timbers



The revenue balance disclosed in the financial statements **could be misstated thus misleading users of the financial statements**;

DISCLOSURES

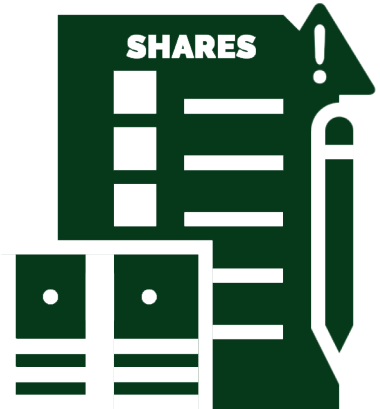
Failure to disclose Financial Instrument

Government of The Gambia has **shares with** the African Development Bank, Islamic Development Bank, and ECOWAS Bank for Investment and Development as far back as 2016.

As a result of its membership in these banks, the government pays subscription fees and is allowed to access loans and others membership privileges.

We requested for the Share Certificates to establish the number of shares subscribed in these banks including the amount paid as subscription fees as well as ascertain the outstanding balances, but none was provided.

As a result we could not confirm the number of shares government has brought as well as the unpaid balances disclosed in the financial statements.



Failure to disclose suspected fraud

Review of the fraud file revealed a fraud case involving an officer at the Intellectual Property office **who issued fake receipts for monies paid by trademark applicants and not paying the amount collected to the main cashier.**

We also noted through a **police report referenced GPF/114/OPS (246)** and dated 26th March 2019, confirming fraudulent

receipts amounting to **D10,401,000.00** that **could not be traced in the IFMIS system** and therefore excluded in the financial statements. The amount disclosed in the statement of losses of public monies could be incorrect.



UNACCOUNTED REVENUE

Failure to provide information on sale of government assets reported by the Jannah Commission

During the audit, we noted that the **General Triplicate Receipt (GTR) book used for re-ceipting monies** for the sale of government's assets **was not provided for our inspection claiming that the book was missing after the sale of assets.**

The proceeds of these receipts amounted to **D22,319,958** were collected from the sale of government assets reported by the Jannah Commission.

The audit noted that **receipts were not used to collect payments instead only written acknowledgements of receipt of payments were made.**

There is an increased risk of **lack of transparency and accountability** resulting to loss of revenue due to Government.



Failure to Pay Execution Fees

Review of receipts against the case files and payment vouchers at the Sheriff Division revealed that

D170,591 representing 1% of judgment sum on court fees (execution fees) received from the sales of immovable and movable assets was not paid to Accountant General during the financial year.

There is a risk that the monies collected from the sales of immovable and movable assets were misappropriated.

Unaccounted Cancelled Cheques

We compared the cancelled cheques of 2019 against the Treasury Main Account (TMA) bank statement and noted that

cheques amounting to **D314,746** were **utilised but reported as cancelled or voided cheques in the IFMIS** which could increase the risk of fraud if cheques designated as cancelled could be withdrawn from the bank.



Unaccounted Government revenue

Our third-party confirmation with **Gambia Ports Authority** revealed that two thousand three hundred and ninety-three **(2,393) containers of wood/timber were shipped** for the period 1 January 2019 to 30 April 2019.

This suggests that the expected revenue totalling **US\$8,614,800** equivalent to **D441,250,056** from 1st January 2019 to 30th April 2019 was generated based on the number of containers exported out of the country.

Out of the total estimated amount of **D441,250,056** , **D199,287,576** was remitted to Special project account and the remaining balance of **D241,962,480** was not remitted to any relevant government account as **officials of the Ministry of Environment were unable to provide us with the details of the designated bank account for which revenue were lodged**. There is a risk of inadequate control mechanisms to monitor and supervise lodgements made by agents.

1x6 salary advance payments and recoveries

There were **un-reconciled differences of 1x6 salary advance payments** between the **general ledger** and the **315-report**

amounting to **D4,110,581** which may result to overstatement of recoveries in the system.



Un-authorized use of revenue from sale of timber

We noted an expenditure of **D108,669,927** from the proceeds received from sale of timber which is in **violation of the provision of the Constitution Section 150 subsection (2)**. This amount was transferred to a BTL account and **expenses made thereof without the approval of the National Assembly** as stipulated in Section 23 of the Public Finance Act.

Unsupported payment of timber proceeds to Government of Senegal

During the examination of payment vouchers, we noted that the Accountant General wrote to the Deputy Governor of the Central Bank vide letter reference DE 21/01/P.60(10)

and dated 12th December 2019 requesting the transfer of **D50,000,000** from the special deposit account to the central bank of west Africa in favour of the state of Senegal.

We noted a payment of **D50,000,000** to the government of Senegal in respect of timber proceeds.

It would appear that this **transfer was made outside the IFMIS system as a payment voucher was raised one week after the debit advice was issued to effect the transfer of funds.**

We requested for agreement or MOU between the Government of The Gambia and Senegalese Government to support the above transfer, but none was provided for review. **Transfer of government funds prior to raising a voucher is an indication of weak internal control which could lead to fraud and other irregularities.**

RECEIVABLES

Difference between Financial statement balances and Cashbook figures

The financial statements balance on tax receivables was compared with the balances on the cash book for tax receivables balance. However, **a difference of about**

D536,000,000 was noted after comparing the financial statements and the cash book.



Inaccurate tax revenue balances

The tax revenue balances shown in the financial statements does not match with the tax revenue balances recalculated from the prior years by the audit team. The recalculation showed a difference of **D35,664,000.**





Un-retired Imprest

Section 28 (14) of the Financial Regulation stipulates that **"If an entry officer fails to enter the authorized retirement date, the Permanent Secretary may impose disciplinary action or surcharge the officer concerned"**.

From a sample of physical imprest retirements reviewed, we noted that imprest totalling **D4,673,054** were not physically retired against supporting receipts.

Further review of the IFMIS revealed that imprest amounting to **D48,147,986** were not physically retired in the system.



Partly-Retired Imprest

Section 28 (13) of Financial Regulation states that **"If an imprest holder fails to retire the imprest one month after the due date, the Permanent Secretary may levy a surcharge on the imprest holder equivalent to the amount outstanding on the imprest"**.

The audit team noted that imprest amounting to

D2,523,280 were not fully retired by the respective imprest holders by the year end. There is a risk of internal control lapses which if not addressed, could result to significant financial loss to government.

REHABILITATION WORK AT STATE HOUSE

Failure to adhere to GPPA conditional approval for rehabilitation work at State House

Review of contract documents signed on 2nd May 2019 revealed that the contractor was awarded a contract of **D17,488,156** for the construction of a new Presidential Office and rehabilitation works at State House. Review of documents showed that the contractor was required by GPPA to revise the Bill of Quantities (BOQ) and make some amendments and resubmit for approval before work can commence.

The audit noted that **despite the failure of the contractor to make the amendments directed by the GPPA, work went ahead, nonetheless.**

Value for money, transparency and accountability were completely overlooked.

Failure to adhere to contract agreement

We noted from the review of payment voucher 01PV021043 dated 27 May 2019 that the contractor was paid the full amount of **D17,488,156** as opposed to payment in stages. In addition, **copies of completion certificate for each stage were not provided** during the audit. There is an increased risk that **the contractor might not have been held accountable** in full for defects or substandard work during the rehabilitation work.



BANJUL DRAINAGE ROADS AND SEWAGE PROJECT

Failure to gazette the award of Banjul Drainage Roads and Sewage Project

A copy of the gazette from the Ministry of Works, Transport and Infrastructure was requested from the Office of the President to confirm the award of contract for the Banjul Drainage Roads and Sewage project awarded to a Construction company. However, we confirmed that **the gazette was prepared on the 15th of February, 2021 two years after the commencement of the contract**. The audit could not ascertain more information on the proceedings of the procurement process as the contracts committee meeting minutes were not provided.

There is a risk that the contract content of **the Banjul Drainage Roads and Sewage Project is not authentic and do not accurately reflect Government's policies and decisions.**

Flaws in the Banjul Drainage, Roads, and Sewage (BDRS) project

The contract agreement between the Ministry of Works, Transport and Infrastructure and the construction company failed to accommodate detailed study and design, work schedule and Bill of Quantity in the contract. Despite these omissions, **the contract was approved with GAI Enterprise pre-financing the project with no evidence of available financial resources including performance security to execute the project** These caused doubt on whether the procurement procedures had followed due diligence in engaging potential contractors to compete during the bidding process.

In addition, **there is a limited project change, including design changes by government, as it has little or no involvement in the design of the project** As a result, the project may fail to deliver best design and quality for government.





Delay in submission of Technical and Design Specification

The audit revealed that the Technical and Design Specifications needed to execute the **Banjul Drainage, Roads and Sewage (BDRS)** project **was submitted nine months after commencement of work**. This can lead to inefficiencies and potential project failure.

Project Commenced before contract signature

The audit noted that the Banjul Drainage, Roads, and Sewage (BDRS) **contract was signed two months after starting the project**. The contract was signed in May 2019 months after the project commence.

These irregularities are gross violations of the Gambia Public and Procurement Authority (GPPA) Regulations.





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