September 24, 2019

Mr. Abdoulie Sowe

Ministry of Basic and Secondary Education

Willy Thorpe Place Building Banjul,

The Gambia

**The Gambia Education Sector Support Project**

**Audit Report for the Fiscal Year Ended 31 December 2018**

Dear Sir,

We acknowledge receipt of your email sent on August 14, 2019 for the submission of the Gambia Education Sector Support Project 2018 audit report. The report was not submitted on time as it was due on June 30th, 2019. We recommend that for the 2019 audit report you take all necessary actions to submit it on time and no later than June 30th, 2020.

The financial statements were audited by the independent firm DT Associates and the audit was conducted in accordance with international auditing standards issued by the International Federation of Accountants (IFAC). The audit reports include the auditor’s opinion on financial statements and the management letter on internal controls.

Based on our review of the audit reports, we kindly ask you to find below our comments which focus on the following points:

* Audit opinions;
* Financial Statements;
* Internal controls;

**Audit Opinions:** The auditor expressed a qualified opinion on the project’s financial statements for the year ended December 31st, 2018. The basis for the qualified opinion is that the stated balance of the designated account of $641 was understated by $83,071 and the project expenses were overstated by the same amount. The funds were withdrawn from the Ministry’s Trust bank account and during fieldwork the auditor noted that the special account balance excluded the same amount of $83,071. The funds were not properly accounted for in the project financial statements.

According to the auditor, except for the effects of the matter described above the financial statements give a true and fair view of the fund balance as of December 31st,2018 and the financial performance for the year then ended in accordance with IPSAS and in manner required by the financial agreement.

**Financial statements:** The financial statements comprise of the statement of sources and uses of funds, the notes to the financial statements summarizing the principal accounting policies that have been adopted and the list of assets purchased with project funds. The project’s management did not present a full set of financial statements which should also be comprise of the Special Account Statement and the statement of expenditures. The project management being responsible for financial statements presentation, we invite the PCU to present for subsequent audits a full set of financial statements.

**Internal Control:** In the management letter the auditor has made these following recommendations to improve the internal control system:

* Prepare budgetary control reports detailing the actual expenditure against forecasts as per budget category;
* Carry out fixed assets annual inventory in order to verify the existence and condition of all assets maintained by the PCU with regards to the GESSP project;
* Ensure that three quotations are obtained for all expenditures that fall within the Request for quote method for procurement to ensure compliance with the World Bank procurement guidelines. Evidence of quotations obtained, and service contracts should be kept as supporting documents;
* Ensure that periodic back-ups are done and saved on a separate server preferably offsite;
* Ensure that control over financial reporting and monitoring is functioning and effective to help prevent and detect errors on time;
* Ensure that other sources of cash such as the Ministry’s bank account are not accounted for as expenditures but consider as a receipt and deposited into the designated account.

We recommend that the project coordination address these improvement points and continue to emphasis on the efficiency and effectiveness of the project’s system of internal controls as these would be helpful in improving the project’s financial management system and enhance the quality of its reports. We will review the effective implementation of these recommendations during our next implementation support mission.

We would like to take this opportunity to thank you and your staff for all collaboration within this period.

Sincerely,

Ryoko Tomita Wilcox

Team Team Leader

Drafted by: Fatou M. Dieng, Financial Management Specialist Country Office – Senegal

Cleared by: Maimouna Mbow Fam, Lead Financial Management Specialist Country Office – Senegal

Bcc: Messrs/Mmes: Belete, Lecuit, Mistiaen, Bationo, Bah, Naudeau, Seck Sy, Seye, (AFCF1) Velev, Loum Lo (AFCSN); Wilcox (HAFE2); Arrobbio, Fam, Samba, Mbacke Dieng, Sarr Sogue (GGOAW) Henda, Ndiaye, Ndoye, Mbaye (GGOPF); Wernett, Sigrist, Ahouansou (LEGAM); F. Diallo, Prusty Chinary (WFACS); F. Drave-Diakite (EDS13) Project files, WBDocs