

**[Public Finance Management (PFM) Annual
Progress Report]**

[Assessing the Implementation of PFM Reforms for 2019]

**[Ministry of Finance and Economic Affairs, PFM
Department, The Gambia]**

2019

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Acronyms

AFD: France Development Agency

AfDB: African Development Bank

AGD: Accountant General Department

AU: African Union

BCC: Budget Call Circular

BCC: Budget Call Circular

BFP: Budget Framework Paper

BFP: Budget Framework Paper

CBG: Central Bank of The Gambia

CoA: Chart of Account

COFOG: Classification Of Functions Of Government

CRB: Complaint Review Board

CRF: Consolidated Revenue Fund

CSDRMS: Common Wealth Secretariat Debt Recording Management System

CSO: Civil Society Organization

DSA: Debt Strategy Assessment

ECF: Extended Credit Facility

ECOWAS: Economic Committee of West African States

EU: European Union

FR: Financial Regulations

FY: Fiscal Year

GFS: General Financial Statistics

GFS: Government Financial Statistic

GPPA: Gambia Public Procurement Authority

GPPA: Gambia Public Procurement Authority

GRA: Gambia Revenue Authority

IAD: Internal Audit Directorate

IFMIS: Integrated Financial Management Information System

IMF: International Monetary Fund

IsDB: Islamic Development Bank

ISSAI:

LAC: Losses Advisory Committee

LGAs: Local Government Authorities

MDAs: Ministries Departments Agencies

MOFEA: Ministry of Finance and Economic Affairs

MOU: Memorandum of Understanding

MTEF: Medium Term Expenditure Framework

MTEFF: Medium Term Economic Fiscal Framework

NAO: National Audit Office

NDP: National Development Plan

PAC/PEC: Public Accounts Committee/Public Enterprise Committee

PAYE: Pay As You Earn

PBB: Programme Based Budgeting

PEFA: Public Expenditure and Financial Accountability Framework

PFA: Public Finance Act

PFM AIC: Public Finance Management Audit Implementation Committee

PFM ARP: Public Finance Management Annual Progress Report

PFM CC: Public Finance Management Coordination Committee

PFM: Public Finance Management

RCF: Rapid Credit Facility

RFQ: Request for Quotation

SIC: Special Incentive Certificate

SOEs: State Owned Enterprises

TADAT: Tax Administration Diagnostic Assessment Tool

TSA: Treasury Single Account

UNDP: United Nations Development Programme

VAT: Value Added Tax

WB: World Bank

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Forward

The Ministry of Finance and Economic Affairs (MOFEA) has the pleasure to present the Public Financial Management (PFM) Annual Progress Report for 2019, which recounts the progress Government has made in strengthening PFM reforms.

On a general note, implementing the PFM reform Strategy 2016-2020 has been very remarkable. Great success has been registered in attaining the strategic goals for the period under review. Thus, confirming Government's firm commitment to adopting and institutionalizing prudent public financial management practices.

Today, we are delighted to report that the Integrated Financial Management System (IFMIS) is accessible to all Ministries and Departments, and some self-accounting projects. Plans are at an advanced stage using web base to roll out the IFMIS to all embassies, self-accounting projects, agencies, sub-treasuries, and Local Government Authorities (LGAs).

Moreover, revenue administration systems are been updated to higher versions. Debt sustainability has improved, and procurement processes have become more transparent with the GPPA 2019 Regulations finalized. The Complaint Review Board (CRB) is hearing cases at a more frequent basis.

The budget has become more credible and predictable by factoring extra budgetary needs mostly emanating from the State Owned Enterprises (SOEs). Financial reporting of SOEs are expected to improve, owing to the recommendations of SOEs audit exercise by Ernst and Young. The new political dispensation has brought about improved democracy with effective budget scrutiny conducted by the Financial and Public Accountability Committee (FPAC) and Public Enterprise Committee (PEC) and other oversight institutions. Reporting on government financial statement is enhanced with 2018 financial statement audited and completed.

Other accomplishments include the complete rollout of internal audit functions to all MDAs supported by established Enterprise Risks Management (ERM) to more than 50 percent of MDAs.

Building on these achievements attained over the period, the Government of The Gambia is committed to sustaining the improvements in budget credibility and transparency, implementing recommendations from both internal and external audit reports and enhancing functional LGA's treasuries. The

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established Strategic Review Board will strengthen the vetting and implementation process of investment projects.

In these efforts, we remain grateful to our development partners who continue to provide the needed resources in support of our PFM reform agenda, ensuring our efficient management of public funds to the benefit of the Gambian people.

Signed.....

Ada Gaye

Permanent Secretary

Ministry of Finance and Economic Affairs

1.0: Preamble

This Public Financial Management Annual Progress Report (PFM-APR) is produced culminating progress of implementation of reforms by the sister departments of the ministry and other MDAs. It seeks to establish an objective evaluation of current PFM performance, highlight areas of absolute and relative strength and weaknesses.

Whilst, the current Strategy focuses on Central Government, significant strides have been made to involve LGAs. With PFM reforms gradually taking shape in most of them despite limited capacities, a good number of LGAs internal audit staff continue to benefit from capacity building and training supported by Internal Audit Department of the MoFEA. Brikama LGA has an automated revenue collection system. In addition, the development of medium-term plans for all LGAs are now completed and a donor conference is being planned to fund the developed programs.

Reforms at the central level have equally performed well.

1. Improved macroeconomic stability and budget management.

2. More effective, efficient and regulated procurement processes backed laws of international standards at a broader coverage (203 institutions been regulated including self-accounting projects and sub-vented agencies).

3. Robust integrated financial management system, accounting and reporting

4. Improved external scrutiny and auditing processes with more dynamic and proactive frameworks in place.

2.0: Pillar One: Macro Economic and Budget Management

2.1: Revenue administration

Revenue administration and collection has significantly improved over the years backed by clear policies and procedures as provided for in the Public Finance Act 2014, Financial Regulations 2016 and GRA's corporate strategic plan and post TADAT action plan.

The two systems (GamTaxNet and ASYCUDA++) operated by the Gambia Revenue Authority (GRA) enhance at a great deal revenue administration. These systems are respectively rolled out to all GRA's regional branches and border stations across the country to facilitate better revenue administration. The MOUs signed between commercial banks and GRA also further enhance effective and efficient revenue collection points. Negotiations are on going with the World Bank for funding a new tax revenue system, which will accommodate fore filing and payment

Support to strengthen and consolidate national revenue generation base have been backed by the development and distribution of robust educational materials (brochures) on areas like exemptions and Duty Deferrals, Clearing & Forwarding Agents, Customs General Offences, Importations, Objections and Procedures for Appeals, Transit, Warehouses, and FAQs for Computing of Duty in addition to the Domestic Taxes brochures that were already distributed. Personal Income tax, Pay As You Earn (PAYE), Withholding Tax, Corporate Income Tax, Capital Gains Tax, Rental Income Tax and Value Added Tax (VAT) were undertaken. Also, tax seminars targeting key institutions such as University of The Gambia, National Assembly, The Gambia Bar Association, Regional/Local Authorities and The Gambia Chamber of Commerce¹ were conducted all geared towards enhancing tax awareness and increase taxpayer compliance.

¹UNDP EMP Annual Progress Report 2019

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Non-tax revenue administration is also guided by the PFA 2014 and the FR 2016. Non-tax revenue administration has significantly improved owing to change in mode of collection². Most of the Non-tax revenues are now paid directly to a bank account for onward sweeping to the CRF.

Despite the gains, we are with the view that revenue administration has to be improved to realize revenue potentials. The GRA needs to employ more effective engaging strategies particularly with businesses seeking Special Investment Certificates (SIC) and conduct thorough assessment and audit of taxes.

In addition, there is the need to improve on the receipting as well as timely banking, close coordination, monitoring and supervision of receipts of non-tax revenue. Receipting systems for non-tax revenue such as the IFMIS should also be built with robust features to avoid duplication.

Table 1: Non-Tax Revenue Collection 2017-2019 in million GMD

Year	2017	2018	2019
Collection	987	1,348	1,848

Source MoFEA

2.1.1: Revenue outturns

Revenue outturns measure the change in revenue between the original approved budget and end-of-year outturn. Revenue outturn for the period under review indicates a 0.8% shortfall below the estimated budget.

Table 2: 2019 Revenue Outturns

Approved Budget	D11, 892,053,000.00
Actual Revenue	D11, 801,513,000.00
Variance	90,540,000.00
GRA Collection	11,004,501,041.

²Gambia Immigration Department responsible for administering significant part of the non-tax revenue has report a substantial increase of over GMD130 million from previous years collection.

GRA collection represents 93.2% of total revenue collected in 2019 as indicated in the Table 2 above. However, this total collection by the Authority includes third party collections (e.g. environmental tax on imports, Education levy, ECOWAS& AU levy, etc.), which is normally remitted to them.

Given the prominence of GRA in the collection of government revenue, we are with the view that there is the need to strengthen revenue administration, increase tax information reliability and tax systems efficiency.³

2.2: Budget preparation process

The National Development Plan (NDP) continues to serve as the policy anchor for the Medium Term Economic and Financial Framework (MTEFF) and subsequently the Budget. It constitutes and translates the macroeconomic objectives, revenue forecasts for the central government, development policy priorities, debt and financing structure and risk factors over the medium term. The budget preparation process is drawn upon the MTEFF document to provide a wider and transparent resource accessibility and constraints. Broad aggregates expenditure ceilings that detailed out expenditure plans are guided by strategic priorities of the central government.

The preparatory process continues to be participatory with clear spending guidelines provided for in the budget process to which sector strategies are to be aligned. However, most MDAs strategies are not updated and remain broadly inconsistent with fiscal forecasts. Investments are selected on the basis of the NDP for these MDAs. Recurrent cost implications are reasonably included in overall forward budget estimates. The size of primary expenditures for which costed strategies are formulated increase as more MDAs costed strategies are updated and aligned to the NDP, so will the inclusion of recurrent cost implications in forward fiscal aggregates. The multi-year perspective in fiscal planning, expenditure policy and budgeting is also improving. Overall fiscal aggregates forecasts are now developed and presented in the Budget Framework Paper (BFP). They are developed for three years on a rolling basis; expenditure forecasts detailed by administrative and economic category. Although, the planning cadre has been strengthened with additional staff, there is a need to further strengthening planning capacities in the

³TADAT Assessment 2018

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various MDAs. These in its results have provided good inputs for budget preparation. Adhering to the budget calendar that presents clear time lines remain a challenge. On the other hand, the Budget Call Circular (BCC) provides adequate guidance to MDAs in the preparation of budget submissions. It includes ceilings, which, since the introduction BFP, are also pre-approved by Cabinet. The annual budget is always approved by Parliament before the start of the new fiscal year.

2.2.1: Budget reliability

The budgetary process of The Gambia is well documented as provided for within the regulatory frameworks such as the Public Finance Act 2014 and the Financial Regulations 2016. The process begins with a Budget call circular dispatched to various MDAs, bilateral held with the various Institutions to discuss their budget submissions and Draft Budget Estimates compiled based on MDAs budget submissions and bilateral discussions are presented to the National Assembly for deliberations and subsequent approval.

2.2.1: Budget documentation

The Government estimates of revenue and expenditure for the fiscal year are produced in the Budget Estimates Book detailing out Government sources of revenue, planned expenditures and extra-budgetary spending. Overtime, budget documentation has improved capturing most Government extra budgetary spending and additional revenue lines. However, there is still room for improvement for better planning and consultations to cater for payments that are not in the approved estimates.

2.3: Aggregate expenditure outturn and its composition

Aggregate expenditure outturns for 2019 is 6 percent higher than approved budget compared to 25 and 20 percent in 2017 and 2018 respectively. Indicating improved monitoring and controlled budget execution process to contain spending on goods and services. The overrun recorded in 2019 was mainly due to the 50 percent salary increase that was introduced in January; spending on transitional justices and transfers to the Gambia Groundnut Cooperation (GGC) to meet its Islamic Trade Finance Corporation (ITFC) obligations. Despite the improved performance, there is substantial contingent liabilities risk contracted by some of the SOEs. Accumulates arrears by MDAs needs to be addressed.

2.3.1: Predictability and control in budget execution

Budgetary predictability for line Ministries, Departments and Agencies (MDAs) and a more efficient use of public funds are established by capturing a reasonable costing of MDAs programmes in the budget. However, challenge remains in inconsistent alignment of sectors strategies plans to the budget. In General, the budget predictability and execution are quite robust and follow international standards. The process of accounting for revenue is improved in compliance with tax laws and other laws (PFA 2014 and FR 2016) governing non-tax revenues. The collection of both Tax and most of the non-Tax revenue has been automated⁴ and collection points widened. Revenue collections through the commercial banks are swept twice a week to the CRF. There is still need for more concerted efforts and improvement on the recording and specially the reporting of revenue.

A cash management unit is established at the Accountant General Department to produce monthly forecast plan for budget execution supported by cash plans prepared by MDAs. The cash management committee reviews the forecast plan and cash allocations based on mobilised revenue and MDAs expenditure priorities are issued. This is further enhanced by liquidity forecast committee composed of interest stakeholders such as CBG, GRA, and relevant departments of the Ministry of Finance.

2.3.2: Expenditure arrears

Budget execution has been constrained by accumulated arrears over the years. Commitment outside the IFMIS has contributed to the significant amount of arrears accumulated. This has been undermined by undue attention to the provisions of the Financial Regulations and annual budget execution guidelines. The IAD has recently concluded arrears audit of government to establish the status of government arrears as part of IMF SMP. MDAs but only GMD343, 503,207.34 representing reported total arrears of GMD745, 030,558.38 48% were presented to the IAD for review. 74% (GMD252, 495,233.23) of the presented arrears were substantiated and 26% (GMD91, 030,462.11) not substantiated for payment.⁵ This excludes the SOE arrears as per annex 1

⁴IFMIS, GamTax Net and ASYCUDA

⁵Final Report on the review of Government backlog arrears

2.3.3: Payroll controls

The NAS DNA posts the payroll data for government officials. A payroll module is being developed on Epicor10 to harmonize the human resource system and the NAS DNA. The system offers a comprehensive HR management Modules with all HR functional component integrating on board appointment, and employee maintenance process or retirements and exit⁶ thus addressing employee record deficiencies. The government should ensure that the format of data and the interface are appropriate for frequent use to enhance sufficient analytical work for payment processing.

2.3.4: Internal controls on non-salary expenditure

The payment of non-salary expenditure in the IFMIS system has inbuilt internal control measures. There is segregation of duties in the process from entry rights to two-stage approval process. Once it is approved and posted from MDA level the Accountant General Department generates payment for further processing. There are also commitment controls embedded in the IFMIS system for non-salary expenditure such that commitments cannot be made in the system on any budget line without the availability of sufficient funds.

The roll out of internal audit functions to MDAs to provide assurance and advisory services to management has also complimented the internal controls on non-salary expenditure. Payment vouchers are now reviewed by internal audit prior to further processing by the Accountant General Department for compliance with Financial Regulation 2016, Public Finance Act 2014, The GPPA Regulation 2019 and any other policy document. This is to ensure that funds/resources are used appropriately for the purpose they are meant for.

2.4: Transparency of Public Finance

Budget formulation, execution, and reporting have greatly improved following GFS 2014 and COFOG standards. The publication of the MTEFF that sets the macro framework is limited to MOFEA and Cabinet. Following international practices, a draft estimate was submitted to parliament in November not meeting the three months requirement before the end of the year for debate and approval. Despite the delays the

⁶GoTGU upgrade of Epicor Integrated Financial Management Information System (Epicor IFMIS), November 2018.

warrant wastimely issued. Budget execution is further enhanced by the issuance of budget guidelines to enhance fiscal discipline. This is further strengthened by the publication of monthly budget execution.

2.5: Performance plans and achieved for service delivery

Overall government performance plan is the National Development Plan (2018 – 2021). In addition, there are sectorial plans, policies to guide service delivery.

Government has created the Department of Strategic Policy and Delivery under the Office of the President to monitor the implementation of the NDP and government programmes and policies. The reforms have brought about restoring good governance, respect for human rights and rule of law.⁷ Notably; the publication of a White Paper endorsing the recommendations of the Janneh Commission for the recovery of assets stolen under former President Jammeh; the Constitutional Review Commission’s submission to Cabinet in 2019 of a draft constitution which will be subjected to a country-wide referendum later in 2020; and the operationalization of the Human Right Commission.⁸ However, empowering citizens and decentralization in local governance is still very slow.

2.5.1: Resources received by service delivery units

Disbursement of resources from government to MDAs is done monthly. The argument for better planning and reliability of access to these resources found that MDAs would be better of with quarterly allocations. Consequently, there are the risks of MDAs not spending on priority activities given quarterly allocations. Notwithstanding, quarterly allocation should be piloted for the ministries of Works, Health and Education as the highest spending ministries.⁹

Delay in project disbursement has resulted to implementation hurdles and extension of project beyond initial budget and close dates, thus resulting to additional cost. However, the Treasury Single Account (TSA) being pursued is envisaged to register better resources management for Government.

⁷The Truth Reconciliation and Reparation Commission, Constitutional Review Commission, National Human Rights Commission, Security Sector Reform, Media Bill etc.

⁸ IMF Article iv Report 2019

⁹ Estimates of Revenues and Expenditure 2020

2.5.2: Performance evaluation for service delivery

High Level Economic Committee composed of permanent secretaries meets biannually to take stock of MDAs performance. This is supported by M&E units established within the Development Planning, and Budget Directorates of the Ministry of Finance monitors and report on the implementation of the NDP and the budget respectively. This is also complimented by M&E functions within Project Coordination Units in government.

Select committees of the parliament are actively engaged in sector scrutiny.¹⁰

However, Government component of PPP investment performance are not evaluated.

2.6: Management of Assets and Liabilities

Unlike the Agencies, most Ministries and Departments do not maintain comprehensive asset registers. Therefore, the values and accountability of Government assets becomes a challenge. The Public Finance Act provided for the establishment of Losses and Advisory Committee (LAC).¹¹ This was established but not functional. There is the need for revival of the committee.

2.7: Fiscal risk reporting

Fiscal risk reporting under the review period is gradually improving owing to the audit of seven State Owned Enterprises (SOEs) and plans to audit the remaining SOEs. The publication of SOEs financial statements and budget execution reports on MoFEA website is a laudable achievement. There is need to improve and manage contingent liabilities arising from SOE's¹² and litigation cases. The increased arrears owed by MDAs are also posing fiscal risk. Procurement contracts awarded are published on the Gambia Public Procurement Authority (GPPA) website and efforts are being made to publish procurement plans of government and opportunities available for suppliers.

Local government authorities' do not prepare credible financial statements.

¹⁰ Finance and Public Accountability Committee, and Public Enterprise Committee

¹¹ A Function of the Losses Advisory Committee (LAC) is obtained in the Public Financial Regulation 2016 Section 39.

¹² Detailed breakdown on SOE arrears are found in Annex 1

2.8: Public investment management

Public investment is fragmented with around 80-90 percent of infrastructure externally financed by government traditional donors.¹³ Investment in agriculture, transport, environment, and energy dominates with SOEs owning about 60 percent of capital stock.¹⁴

Design and implementation constraints continue to affect performance. There have been weak internal control and governance processes affecting the management of these investments.

Effective coordination, proper project selection aligned to the NDP, strong implementation structures¹⁵, strengthened internal controls and governance are critical to achieving the desired goals in public investment.

2.9: Debt management and sustainability

Debt Strategy implementation has led to improvement in the debt to GDP ratio from 86.6% to 81% from 2018 to 2019 respectively. It is further projected to decrease to about 76 percent of GDP by end-2020.¹⁶

Domestic public debt composed of 45 percent of the overall public debt as at end 2019. However, government is determined to bring debt-to-GDP ratio below 60 percent by 2024 through prudent external debt contracting policy and fiscal policy consolidations aimed at stabilizing and broaden the domestic public debt market. Medium Term Debt Strategy (MTDS) identifies the issuance of strategies in other to elongate the domestic debt market.

Government is implementing a 35 percent minimum grant element for external new borrowings and adopted a zero policy of the issuance of guarantees to SOE loans and contingent liability arrangements including LGAs.

An active domestic debt management to lengthen maturity and reduce rollover risks is also being pursued. The new debt recording system (Meridian) supported by Commonwealth, seeks to improve debt recording and debt reporting standards thus the accuracy and timely provision of debt data in the SGO and ensure timely payments of external debt. This in its totality would strengthen debt recording and

¹³World Bank, the Islamic Development Bank, the African Development Bank and the European Union. Investments in roads and bridges including the Senegambia Bridge

¹⁴ Public Investment Management Assessment for The Gambia 2019

¹⁵Implementation structures include weak institutional arrangements, capacity constraints in procurement processes, inadequate access to ICT etc.

¹⁶IMF Article IV report 2018

forecasting thereby, help inform policy decisions and increase debt management transparency. To improve further, there is the need to have annual review of implementation progress of the MTDS.

3.0:Pillar Two: Procurement Reforms

3.1:Procurement

This indicator examines key aspects of procurement management. It focuses on transparency of arrangements, emphasis on open and competitive procedures, monitoring of procurement results, and access to appeal and redress arrangements.

The procurement process has improved and more transparent between the year 2017 and 2018. Contracts committees and specialized procurement units are formulated in every MDA to oversee procurement activities. Annual procurement plans are submitted to GPPA in the beginning of every year and monthly procurement reports also submitted. As part of compliance review, GPPA also conducts procurement compliance review of MDAs.

There had been decrease in the use of single source procurement from 36.2% to 21.42% and a significant increase in the use of open tendering from 8.04% to 36.67% in 2018. These gains were however not consolidated in 2019. There was a sharp increase in the use of single sourcing to 62.76% and a decrease in open tendering to 19.65%. The use of Request For Quotation (RFQ) is also in the decline from 7% to about 5% and 2% in 2017, 2018 and 2019 respectively¹⁷.

The use of the single source procurement needs to be mitigated and only used in extreme circumstances as prescribed in the GPPA bill and Regulation. There is also need for more sensitization for the executive and policy makers on procurement.

Section 54 of the GPPA 2014 Act, the Complaints Review Board (CRB) was established in 2016. Since then it has received up to Ten (10) cases of complaints that were reviewed and addressed. So far, only one was taken to court. The CRB is inadequately capacitated¹⁸ owing to lack of an established institution to fully operationalize, thus monitoring the implementation and publications of decisions remain a challenge.

¹⁷GPPA website

¹⁸ Lack of budget and expertise in procurement

4.0: Pillar Three: Financial Management Accounting and Reporting

4.1: Accounting and reporting

This seeks to measure the extent to which accurate and reliable records are maintained, produced and timely disseminated for an inform decision, management and reporting needs.

4.2: Financial data integrity

Financial data integrity has been enhanced by the introduction of the IFMIS system in The Gambia in 2007 with the evolution from EPICOR 7 to 9 and 10. The EPICOR system has supported the production of real time data for decision making and reporting. However, EPICOR 9 was constrained by number of functionality problems thus not been able to go web base and link other systems within government¹⁹.

4.3: In-year budget reports

The in-year budget execution report has been produce and published on monthly on MoFEA website to fulfill donor requirement. However, vote controllers have not used it as a monitoring tool to enhance budget execution.

4.4: Annual financial reports

The IFMIS has supported the production of annual financial reports. Currently there is a backlog finalized financial statements of one (1) year (2018 to date). Due to the gap in the Public Finance Act Ministries and Departments are not preparing financial statements. Low capacity in LGAs coupled with weak financial administrative systems as well as unified standard chart of accounts has led to the none production of credible financial statements. The un-unified accounting systems by SOEs have led to difference in reporting. However, SOEs have been trained on International Financial Reporting Standards (IFRS) to harmonize financial statements.

¹⁹The CSDRMS, ASYCUDA, GamTax Net, Aid Management Platform, Self-Accounting Projects, Embassies and Sub Treasuries

5.0. Pillar 4: External scrutiny and audit:

5.1: External scrutiny and audit

The judgment of how public finances are independently reviewed and external follow-up on the implementation of recommendations are discussed under this dimension.

5.1.1: Internal audit functions

The Internal Audit Directorate is mandated to provide internal audit services to all MDAs. It assess the adequacy and effectiveness of internal controls, risk management and governance process of the government of the Gambia.

The Internal Audit had concluded the recruitment of twenty-three (10 senior internal auditors and 13 assistant internal auditors) additional staff to compliment the roll out efforts of internal audit functions across MDAs providing assurance and advisory services on internal controls, risk management and governance issues. It performs both pre and post audit services in line with the IPPF framework. Performance audit manual had been developed to guide performance audits. Supported functionally by the Audit Committee in the execution of its mandate, there is also the Audit Implementation Committee (AIC) to follow up on the implementation of audit recommendations both IAD and NAO. Its achievements in 2019 includes:

- In accordance with IAD audit plan of 2019, a total of 12 audit assignments were completed representing 95% this includes procurement, system revenue and expenditure, embassies and arrears audit of SOEs.
- Stakeholders special audit request such as duty waiver audit, system audit of MOA's projects and National Food Security Processing and Marketing Corporation (NFSPMC) audit
- Successful development of ERM policy framework and piloted 13 MDAs
- Capacity building on Certified Internal Auditors (4 staff qualified)

In addition, there is evidence of executive lack of action on audit queries, poor asset management, and shying away from covering ministry of Finance internal control functions. Public hearings occur with the summoning of public officials whose audit reports have a qualified opinion. ²⁰

²⁰PAC_PEC recommendations for audited financial statements 2011-2013

Therefore, there is very strong need for drastic actions against public officials found wanting of fraudulent practices using government resources. Consequently accelerating significant work carried out to establish an Anti-Corruption Commission in 2020 is critical.

5.1.2: The National Audit Office

The National Audit Office (NAO) adheres to International standard of supreme audit Institution (ISSAI) in performing its audit exercises. With improved degree of financial independence, NAO seeks to improve lot better in their operations given on-going capacity development²¹. The developed strategic plan sets the pace for a calculated move for improve independent and objectives services, efficient and effective use of public resources. Its operations are largely focus on regularity audit, and few performance audits. There is urgent need for system audits given numerous reforms in government processes.

NAO independently audits the consolidated financial statements of The Government of The Gambia using ISSAI, which includes net worth of the SOEs. It is gradually building capacity to expand audit coverage and timely review of financial statements of government agencies. The capturing of bilateral aid flow into these statements has proven difficult. Government Financial statements up to the year-end 2017 have been audited and submitted to the legislature.

However, the monitoring of the implementation of audit recommendation has been a challenge. Mechanism²² is established with the Internal Audit to follow up on the implementation of audit recommendation.

6.0. Donor Support and Aid Coordination

Donor support has remarkably improved from a mere 30million euros to 300million euros from 2017 to 2019 by EU through budget support and other project interventions in the areas of Governance, Gender, Public Finance Management, Climate Change etcetera. The World Bank has been very active in providing support to social safety net projects above 30million dollars and budget support of 56million dollars in 2018. Other traditional donors include and not limited to AfDB, IsDB, UNDP, AFD, and IMF. A 40million dollars Extended Credit Facility (ECF) is in place by the IMF.

²¹Capacity development includes moving into a state-of-the-earth office complex, additional qualified staff and higher training for senior staff.

²²Sharing NAO's Audit reports with IAD

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The POTOMAC group has supported the restructuring of government debts to negotiate for better payment terms. Others like China, India and Turkey are also registering significant support such as the building of one of the best state-of-the-earth International Conference Centre in the sub region.

Good efforts are made in establishing the Aid Management Platform Database to improve capturing of all aid inflows to government. However, the database is still not functional. The establishment of Aid Coordination Committee and the Strategic Review Board continues to enhance government investment decisions through project implementation. Due to the fragmented nature of bilateral inflows, capturing and harmonising such inflows remains a challenge.

7.0. Civil Society Organisation (CSO) Participation

Over the year, the CSOs have taken active role in public finance management. An annual CSO forum is established to stimulate government-CSOs engagement on on-going PFM reforms and activities. In 2018, a forum was held informing CSOs on government strategic institution's program including the Ministry of Finance, Office of the president, Gambia Revenue Authority to mention a few.

2019's forum was held to sensitize both the CSOs and media on Government's determination to implement the TSA. In addition, the CSOs have benefited from good number of trainings and capacity building supported by the PFMD and do have a permanent representative on the PFM CC.

8.0: Recommendation and Conclusion:

The pace and quality of the PFM reforms are becoming more assertive with LGAs active participation. The drive for coordinated efforts in implementing the reforms has registered momentum at the central level. The stages and the processes continue to showcase the critical role the implementing departments have in achieving desired results. The evolving nature of these reforms calls for more political will and commitment from all stakeholders (government and donors).

In the end, the paradox of real change in the PFM reforms implementation seems to always revolve around the continuum of the need to make improvements on:

- ❖ Increase fiscal discipline (Improve Budget Credibility by capturing all the SOEs liabilities)

- ❖ Improve Budget comprehensiveness by capturing all bilateral inflows
- ❖ Improve revenue administration to explore and mobilize additional domestic revenue (Non-Tax Revenue and broadening the tax base by formalizing Informal Sector)
- ❖ Improve compliance with procurement processes
- ❖ Strengthening and tightening internal controls in the use of public resources
- ❖ Improve corporate governance in State Owned Enterprises (SOEs) and MDAs with the view to improve performance and contain exposure to contingent liabilities.
- ❖ Automation and strengthening of internal auditing & procurement processes for effective internal controls, risk management and governance.
- ❖ Further developing the price database for procurement guidance on commonly used items by government;
- ❖ An assessment of the on-going Medium-Term Expenditure Framework and Program Based Budgeting outcomes to ensure fiscal discipline;
- ❖ Accelerate the implementation of EPICOR10
- ❖ Establish a unified standard of accounting and reporting systems for LGAs and SOEs
- ❖ Build capacities for all PFM stakeholders particularly for NAO, National Assembly and Civil Societies.

In conclusion therefore, ownership and leadership have remained the tenet of the reports from stakeholders. The directorate continues to believe that these two virtues are central to a successful implementation and lasting impact of the PFM reforms.

Continuous capacitation of the National Assembly members to effectively carry out their oversight

The Public Finance Annual Progress Report (PFM –APR) for Fiscal years 2016-2017

functions is critical. The timely discussions of audited reports and follow up on the implementation of audit recommendations by MDAs should be ensured. The independence of all other oversight institutions should be encouraged. There is need to enhance the devolvement of central government functions to the LGAs supported by the release of timely 25 percent funds transfers.

We recognized the formidable effortsof our stakeholders leading the implementation process of the reforms. The actual commitment for a definitive action on their side and unflinching donor support are actually paying dividend and bringing about the desired results.

Annex 1: 2019 Arrears owned by and to State Owned Enterprises

OE	Owed to GRA GMD	Owed to Gov't GMD	Owed to Other SOEs GMD	Owed by GRA GMD	Owed by Gov't GMD	Owed by Other SOEs GMD	Net Arrears GMD
iA	(120,510,824)	0	(25,970,684)	257,552	0	3,469,016.00	(142,754,940)
SHFC	0	0	0	0	421,577,000	1,418,311,000	1,839,888,000
iCAA	0	(1,294,892,000)	(152,298,099)	0	0	0	(1,447,190,099)
iAMCEL	(387,754,849)	0	(500,590,490)	0	11,463,324	44,961,374	(831,920,641)
iAMTEL	(172,476,615)	0	(66,628,128)	3,180,689	94,912,510	441,661,094.00	300,649,550
iMRC	0	0	(608,750.00)	0	3,988,100	0	3,379,350
iRTS	(42,860,503)	0	(118,780,324)	80,433	1,463,607	13,239,729	(146,857,058)
iAMPOST	(6,542,239)	0	0	0	0	2,139,400	(4,402,839)
iPA	(82,355,462)	0	(10,481,790)	0	0	39,450,494	(53,386,758)
iGC	(65,078,954)	0	(222,623,736)	0	381,966,339	0	94,263,649
iAWEC	(167,589,351)	(2,645,890,000)	(2,187,054,888)	552,672	706,882,642	152,698,357	(4,140,400,568)
iNPC	(105,854,814)	0	(18,971)	932,500	170,349,242	1,404,814,926	1,470,222,883
iPPC	(17,345,745)	0	(459,447)	645,127	40,661,837	1,709,474	25,211,246
total	(1,168,369,356)	(3,940,782,000)	(2,784,924,817)	2,130,299	1,829,276,501	3,530,894,138	(3,033,298,225)

Annex 2: 2020 PFM Action Plan and Monitoring Tool

2020 PFM Action Plan and Monitoring tool								
Objective	Action Step/Task	Responsibility	Timeline	Resources	Partner	Challenges	Communication	Accomplishment
Effective Budget Planning and Execution	Align PBB and NDP	Budget Directorate and DDP	2021	Budget estimates and NDP	MDAs	Budget plans not aligned to NDP	PFM CC Meetings and Quarterly PFM Report	Opportunity for better planning and smooth budget execution
Achieve effective cash Management	Support the functioning of the Cash Management Unit at AGD. Harmonize efforts of the Cash Management Committee (CMC) and the cash management unit	TA and AGD	On-going	CMC and TA	IMF	Budget execution not guided by cash management plans	PFM CC Meetings and Quarterly PFM Report	Smooth budget execution and better planning
Increase tax collection	Implement post TADAT assessment roadmap	GRA	On-going	GRA staff	MOFEA Management	Weak tax administration mechanism and systems	PFM CC meetings, quarterly report and monthly collection report	Opportunity for increased revenue to facilitate budget execution
	Implement GRA's strategy	GRA	On-going	GRA Staff and System	A/DB, MOFEA - PCU		IFMIS Steering Committee meeting and PFM Quarterly report	Improved domestic revenue mobilization
Roll out internal functions	Rollout Internal functions to remaining MDAs	IAD	On-going	IAD Management,	MoFEA & PMO's management	Delayed recruitment process	PFM CC Meetings and Report	Opportunity to support MDAs' vote controller sin in budget execution and expenditure management
Implement Enterprise Risk Management (ERM) for Government	Develop ERM Registers all MDAs	IAD and MDAs	On-going	IAD staff, TA and MDA's Risk Champions	Common Wealth and IAD	Lack of capacity in ERM	PFM CC meetings and Quarterly Report	Opportunity to determine risk associated with government programs
Enhance Debt Management	Introduce a new debt recording and Management System (Meridian)	Directorate of Loans and Debt Management (DLDM), TA	On-going	DLDM Staff TA and MDA's Risk Champions	Common Wealth	Not established yet	PFM CC Meetings and Report	Opportunity for functional system and proper recording of debt information