



**GAMBIA FERRY SERVICES COMPANY LTD**

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**MANAGEMENT LETTER REPORT  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

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**AUGUSTUS PROM  
AUDIT. TAX. ADVISORY.  
REGISTERED AUDITORS**

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**JANUARY 2024**



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**IN CONFIDENCE**

**REF: AP/C/GFSC/652/24/(1)**

20<sup>th</sup> January 2024

Board of Directors  
Thro: Board Chair  
Gambia Ferries Services Co Ltd  
Banjul, The Gambia.

Dear Sir,

**Gambia Ferry Services Company Ltd  
Management Letter Report for the Year Ended 31<sup>st</sup> December 2021**

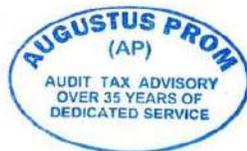
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We have completed the audit of the Gambia Ferry Services for the year ended 31<sup>st</sup> December 2021 and wish to bring to your attention the following observations and implications. The recommendations suggested are for management action aimed at improving operations, accounting and internal controls systems, level of compliance etc.

We wish to inform you that the purpose of the audit is to enable us to express our professional opinion on the accounts presented to us by the management to audit. Such an audit should not be relied upon to disclose all defalcations or other irregularities that may exist in your system but where such exist and are discovered during the course of our audit, they would be disclosed.

Please accept the Firm's profound gratitude for the cooperation of the Management Team accorded to us during the conduct of the audit exercise. Should you require additional information on the matters raised, please do not hesitate to contact us.

*Augustus Prom*  
.....  
**AUGUSTUS PROM (AP)  
AUDIT.TAX.ADVISORY.  
REGISTERED AUDITORS**



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## Prioritisation of Audit Findings

The objective of the management letter report is to communicate appropriately to those charged with governance and management on information gathered in the course of the audit to give added value to the client.

The management letter is used to communicate with those charged with governance focusing on the following:

- *Weaknesses within the internal controls system that could lead to material losses or misstatements in the financial statements;*
- *Efficiencies to be made, to improve the overall performance of the organization;*
- *Failure to comply with policies, laws, regulations and laid down procedures;*
- *Issues to be addressed which would enable the audit to run more smoothly.*

The findings which are stated in the management letter are categorised into a system of grading to enable management to better prioritise implementation of recommendations emanating from audit findings during the audit.

The observations raised during the audit are categorised into three different grades. The grades are as follows:

Grade	Risk Level	Description
Grade 1	High Risk	<i>These are findings that are particularly significant and the urgent involvement of management may be required for their resolution.</i>
Grade 2	Medium Risk	<i>These are findings that may have significant impact on the control environment or financial systems which can have a negative impact on operations within the Company.</i>
Grade 3	Low Risk	<i>Weaknesses which have a lower level of risk, but are possibly indicative of a loss of control and require attention because it could lead to consequences that could be avoided.</i>

## 1. Receivables

**GRADE 3**

### 1.1 Observation

The following was noted during our review of the receivables of the Company as at 31<sup>st</sup> December 2021:

#### A. Staff Vehicle Loans

During our review, we noted staff were issued vehicle loans and there was no evidence of a comprehensive insurance policy, according to the company's service rule section 1103 stated that "Employees granted motorcar and motorcycle loans shall be required to secure a comprehensive insurance policy in the joint names of the employee and the authority until the whole amount of the loan has been repaid. Proof of insurance must be produced to the managing director every year"

Date	PV Number	Detail	Amount (GMD)
05/07/2021	ECOPV-050721	Payment of motor cycle loan on behalf of Dawda Khan	100,000
05/07/2021	TBBPV-0507211	Payment of motor vehicle loan on behalf of Balla Daffeh	230,190
02/09/2021	TBBPV-02092115	Payment of motorcycle loan on behalf of Pa Amat Joof	250,000

#### B. Loan to Senegambia Bridge – GMD46.437 Million.

As at 31<sup>st</sup> December 2021, we noted a total amount due to the GFSC amounting to GMD46.437 Million. We requested for the agreement between GFSC and the Government and this was not provided for our review to confirm that this amount will be refunded to the Company by the Government.

Upon our further audit tests, we sent out independent confirmation to MOFEA to confirm the amount to be paid as at 31<sup>st</sup> December 2021, but we are yet to receive the independent confirmation.

## **1.2 Implication**

### **A. Staff Vehicle Loans**

Our review identified that staff members who were issued vehicle loans and did not provide evidence of a comprehensive insurance policy, in violation of the company's service rule Section 1103.

Furthermore, in the event the staff resigns from the Company, there is no collateral in place to recover the vehicle loan further exposing management to a risk of none performing staff loan.

### **B. Loan to Senegambia Bridge – GMD46.437 Million**

Due to the absence of documentation and a response from the Ministry of Finance and Economic Affairs the assurance of the receivable's recoverability remain uncertain. Furthermore, without a response to the independent confirmation, it limits our review to ensure that the balance maintained by GFSC agrees to the Government figures.

## **1.3 Recommendation**

### **A. Staff Vehicle Loans**

Management should enforce compliance with Section 1103 of the service rules, ensuring that all employees with vehicle loans obtain and maintain comprehensive insurance coverage.

Furthermore, a system for regular audits to verify and document the existence of comprehensive insurance policies for all staff-issued vehicle loans.

### **B. Loan to Senegambia Bridge – GMD46.437 Million**

Management should initiate a follow-up with MOFEA to expedite the independent confirmation process for audit and reconciliation purposes. Furthermore, management should improve the document management practices to ensure such agreements are documented and signed to be in line with recommended practice.

## **1.4 Management Response**

### **Staff Vehicle Loans**

*Your concerns are noted, however Messrs Daffeh and Pa Amat Joof have submitted joint insurance policies to the Administration Department, leaving Mr Dawda Khan who is yet to comply. Management has since stopped the payment of Mr Khan's monthly motor cycle allowance until he complies with the cited section in the Service Rule book.*

*Loan to Senegambia Bridge – GMD46.437M.*

*There was formal contract arrangement between the Gambia Ferry Services and the Ministry of Works, Transport and Infrastructure, for the former to take over the operation of the Senegambia Bridge but all correspondences between the Gambia Ferry Services and Government have been provided to the Auditor during the audit. As per the directive from the Ministry, the GFS was responsible for the collection and initial banking of all revenues generated, payment of salaries and all staff related statutory obligations, utilities, fueling of vehicles and generators etc and the total paid since January 2019 amounted to D65.3M and no refund was made during the period under review but a refund of D18.9M was made in August 2020, following an audit by the Directorate of Internal Audit, Ministry of Finance.*

## **1.5 Management Response**

*We acknowledge receiving the Joint Insurance of Messrs Daffeh & Pa Amat Joof.*

## 2. Human Resource Management

GRADE 3

### 2.1 Observation

The following was noted during our review on the Human Resource Management of the Company as at 31<sup>st</sup> December 2021;

#### A. Statutory Payments

##### **SSHFC Pension Payments**

##### **Late Payments**

Upon our test of compliance with Statutory payments, we noted the following payments paid late to GRA and SSHFC.

Months	Date
February	18/11/2021
March	18/11/2021
April	18/11/2021
May	18/11/2021
June	18/11/2021
July	18/11/2021
August	18/11/2021
September	18/11/2021
October	18/11/2021

## B. Review on Starters

During the period under review about starters for the period, we noted a lack of compliance with the approved service rule of the Company.

SR Requirement	Details on Lack of Compliance with Recognition Criteria
Certificate of Health – Section 0205	No person shall be appointed permanently to the Service of the Authority unless he has been declared medically fit by one of the Authority’s medical practitioners – <b><i>We noted this was not complied with for the starters during the period.</i></b>
Job Description – Section 0204 (7)	A job description of the post will be attached to the letter of appointment or subsequently thereafter. This is subject to change by the Board or the management as the need arises. – <b><i>We noted this was not complied with for the starters during the period.</i></b>

The Starters for the period reviewed as per our sample were as follows.

Staff ID	Staff name
1021	Fodamoro Jatta
1022	Kebba Sonko
1023	Ebrima Ceesay
1024	Aja S.Singhateh
1025	Omar Koita
1026	Ebrima Ceesay3
1027	Ousman Tunkura

**C. Monitoring of Staff Attendance**

During our review on the controls and monitoring mechanism on staff attendance, we noted a manual system is maintained.

Upon our further review on the manual logs, we noted in most cases staff are not signing out at the end of the workday/shift. Furthermore, we noted no evidence of reviews on these logs which defeats the purpose of maintaining the control measure.

**D. Overtime Payments**

Section 0916 of the approved service rule book states that Grade 1 to 5 who are required by a Head of Department to work overtime on a working day or on a public holiday or Sunday shall be paid. Upon our review on overtime payments, we noted a flat payment of GMD1,775 being paid monthly which is not in line with the approved policy or usual practice.

## **2.2 Implication**

### **A. Statutory Payments**

#### **Late Payments to GRA and SSHFC**

During our compliance test with statutory payments, it was identified that payments to the GRA and SSHFC were made late. This indicates a potential breach of compliance with statutory timelines which exposes the company to a risk of fines imposed on the Company leading to financial losses.

#### **Non-Payment to GRA & SSHFC**

Management not paying GRA and SSHFC further exposes fines and penalties being charged to the Company. Furthermore, it leads to pension contribution gaps which could lead to legal disputes for employees that have retired.

### **B. Review on Starters**

The certificate of health and job descriptions not in file implies a lack of compliance to Section 0205 and 0204 of the approved Service Rule book of the Company. It further exposes the Company to a risk of hiring employees that are not medically fit to deliver as per expectations of the Company.

Furthermore, without job descriptions, it become difficult for new employees to know what is expected of him/her within the department. It can further make it difficult in providing an accurate and effective appraisal.

### **C. Monitoring of Staff Attendance**

The absence of staff signing out at the end of the workday or shift results in incomplete attendance records, making it challenging to accurately track and manage employee attendance.

The absence of evidence of reviews on the manual attendance logs indicates an ineffective control measure. Without regular reviews, the organization cannot ensure the accuracy and integrity of the attendance data, defeating the purpose of the control.

## **D. Overtime Payments**

The review on overtime payments revealed that a flat payment of GMD1,775 is being paid monthly, which is inconsistent with the approved policy stated in Section 0916 of the service rule book.

A flat payment may result in inequities among employees which can lead to discontent, as it does not account for variations in the amount of overtime worked. Some employees may receive more or less compensation than warranted by their actual overtime hours.

## **2.3 Recommendation**

### **A. Statutory Payments**

Management should implement measures to ensure the timely payment of statutory obligations to GRA and SSHFC to avoid late payment penalties and ensure compliance with regulatory requirements to avoid the risk of fines and penalties occurring.

Statutory payments should be paid for all months to be in line with the Income & VAT Act and the SSHFC Act.

### **B. Review on Starters**

Management should ensure strict adherence to Section 0205 of the service rules, requiring a certificate of health for individuals before permanent appointment to the service. This may involve reinforcing internal processes to guarantee compliance with health certification requirements.

Job descriptions should be maintained for all positions in line with recommended Human Resource practice.

### **C. Monitoring of Staff Attendance**

Management should consider implementing an automated attendance system to enhance accuracy and efficiency. An automated system can capture sign-in and sign-out times automatically, reducing the likelihood of errors and time fraud.

### **D. Overtime Payments**

Management should conduct a thorough review of the overtime payment system and align it with the approved policy outlined in Section 0916.

## **2.4 Management Response**

### **A. Statutory Payments**

***SSHFC - late pension payment*** *The late payment of pension contribution to SSHFC is due to the poor financial position of the company caused by the poor state of repairs of the ferries due to a non-functional shipyard, increase in the cost of fuel and other material inputs, depreciation of the Dalasi against other international currencies, withdrawal of duty waiver on fuel and spare parts and the Company's inability to implement a tariff that would not only ensure full cost recovery but also generate profits to build up the necessary reserves for the replacement of the ferries, when they are old and uneconomic to keep in service.*

### **B. Review on starters**

#### ***Certificate of Health – Section 0205***

***Medical examination was carried out on Ebrima Ceesay, Aja s. Singhateh, Omar Koita, Ebrima Ceesay 3, kebba Sonko and Ousman Tunkara and the certificates were available in their respective personal files. The Administration Department has engaged Fodamoro Jatta to provide his certificate in compliance with the cited section in the service rule.***

#### ***Job Description – Section 0204***

***Management has taken note of your observation and would ensure that going forward it would comply with the cited provision of the service rule.***

### ***C. Monitoring of Staff Attendance***

***The GFS currently maintains manual attendance registers deployed at the head Office and all stations across the Gambia and all staff members are required to sign these registers when they report to work but it is indeed true that most staff do not sign out at the end of the work day and not much review is done to ascertain that staff are not only reporting to work but that they leave after the official closing time. Management is working on deploying electronic registers which would address most of the deficiencies of the manual system currently in place and institute entry and exit protocol to address starters and leavers.***

### ***D. Overtime Payment***

***Section 0916 of the Service Rule Book deals with staff who work extra hours during a working day or work during their off days or public holiday but is silent on staff who, by the nature of their jobs, work for more than the normal 8 hours. Such staff are paid fixed monthly allowance as compensation for the extra hours worked and this is captured in the new service rule book currently being developed.***

## **2.5 Auditors Reaction**

***With regard to the Certificate of health for Starters, this was not provided for our review.***

### 3. Information Technology- Disaster Contingency Recovery Plan (DCRP)

GRADE 1

#### 3.1 Observation

During our review of the information technology aspect of the corporation we requested the Disaster Recovery Plan document, but it was confirmed to us that a DCRP is not maintained by the Company.

#### 3.2 Implication

The absence of a Disaster Recovery Plan poses a significant risk to business continuity. In the event of a disaster or system failure, the organization may struggle to recover critical IT systems and data.

Without a documented DRP, there may be concerns related to data and information security. A well-defined plan is essential for ensuring the secure recovery of data and systems following a disruptive event within the Company.

#### 3.3 Recommendation

Management should initiate the development of a comprehensive Disaster Recovery Plan that outlines procedures and protocols for recovering IT systems, data, and services in the event of a disaster or disruption.

#### 3.4 Management Response

*The observation that the Company does not have a disaster recovery plan is noted. Kindly note that the Information Technology Department take daily backup of all servers and ticketing machines, which are saved in an external hard drive kept in a fire proof safe and a copy also sent to the file server on the network. What is lacking is the documentation of the disaster recovery plan, which is being developed.*

## 4. Maintenance Labour – GMD3.797 Million

GRADE 1

### 4.1 Observation

As at 31<sup>st</sup> December 2021, the total amount incurred in relation to Maintenance Labour amounted to GMD3.797 Million.

Upon our review on the expenditures in relation to maintenance Labour, we noted that the expenditures do not come through procurement but handled by the maintenance department which implies poor duty segregation and a high risk of irregularities occurring. A sample of the transactions reviewed was as follows which exceeded the single sourcing threshold that did not go through the procurement process.

Date	PV NO.	Details	Amount (GMD)
12/01/2021	TBBPV-0014308	Maching and Bushining of pripellershaff	80,000
09/03/2021	ECOPV-0018690	Settlement of invoice on vehicle GPA 74	60,800
18/03/2021	ECOPV-0018610	Payment of hire of concrete machine	77,500
02/08/2021	ECOPV-0015559	Payment of hire of crane	70,000
1/0/2021	ECOPV-090214	Payment hire of crane	60,000
21/09/2021	ECOPV-2109212	Works carried on vehicle	61,662
23/09/2021	ECOPV-2309216	Payment hire of crane	160,000
30/09/2021	ECOPV-3009215	Repairs of two counting machine	55,965
13/10/2021	ECOPV-2309216	Payment hire of crane	40,000
31/12/2021	ECOPV-311221	Payment hire of crane	130,000

### 4.2 Implication

The absence of proper procurement processes for Maintenance Labour expenditures increases the risk of fraud and mismanagement. Lack of oversight may lead to inappropriate handling of funds and potential financial losses.

Irregular expenditures exceeding the single sourcing threshold indicates non-compliance with procurement regulations. Handling expenditures outside the procurement process may lead to operational inefficiencies, as it bypasses established procedures designed to ensure transparency, fairness, and value for money in procurement transactions.

### **4.3 Recommendation**

Management should conduct an immediate review of the procurement procedures, especially those related to Maintenance Labour expenditures. Reinforce and communicate the importance of adhering to established procurement processes.

### **4.4 Management Responses**

***The GFS Management concurs with the observations of the auditors that certain expenditures relating to maintenance labour are handled by the Technical Department and not the Procurement Department. Almost all procurement are handled by the Procurement Department in line with the guidelines of GPPA, but during emergency situation, where the ferry has a breakdown and the timely intervention of the Engineers is needed to restore the ferry back to service, especially after work and during weekends, the Engineers take the lead in the procurement process. The subsequent working day, the procurement unit would ensure that all the relevant documentations are requested for and filed accordingly.***

***Management would however put controls in place to ensure that even where there is an emergency situation, the Engineers would not act without the involvement of the Procurement Department.***

## 5. Cash & Cash Equivalent – High Cash in Hand Balance

GRADE 1

### 5.1 Observation

As at 31<sup>st</sup> December 2021, we noted the closing Cash in Hand (CFA) with account number FIN76400 closed with a Dalasi Balance of GMD9.746 Million with a CFA Value 123,103 Million which was supported with a cash certificate signed by the Cash Office Manager, Deputy Director Internal Audit and Director of Finance.

### 5.2 Implication

Management maintaining such a material amount in Cash in Hand exposes the Company to a high risk of Cash misappropriation, theft or other irregularities leading to financial losses to the Company.

### 5.3 Recommendation

We recommend that management should ensure minimal amounts of Cash is maintained to further minimize the risk of irregularities occurring leading to financial losses to the Company.

We further recommend that a policy should be developed with regard to Cash Management and ensure once the cash is at the agreed threshold the difference is banked.

Although a Cash Count Certificate was provided and witnessed by the Internal Auditors in line with recommended practice, the external auditors should also be invited in the cash count process at the end of the year.

### 5.4 Management Response

*The main reason for maintaining such a material amount is due to the high cost involved in repairs in the event of major breakdowns in which spare parts have to be procured immediately and access to foreign currency can sometimes cause delay and taking into account the importance of the Ferry Service in the Country.*

*The concerns of the auditors are noted. Management would put controls in place to minimize the amount of CFA held in hand by increasing the frequency of disposal of the CFA. A Policy will developed in terms of Cash Management to ensure a certain amount of cash in foreign currency is maintained for emergency whilst taking into account the high risk of maintaining cash.*

## 6. Asset Disposals

GRADE 1

### 6.1 Observation

During the period, Assets were disposed and the following was noted;

#### A. Disposal of James Island

We noted there was a meeting held on the 12<sup>th</sup> of March 2023 in which the disposal committee approved the disposal after the board approved that management should dispose off ferries not in use. Furthermore, an evaluation was done by Biram M Saho valuing the asset at GMD1.2 Million.

1. *No GPPA Approval for the Disposal*
2. *No evidence of public tendering*
3. *Bid opening report and register not provided.*
4. *Contract with Buyer not seen.*
5. *Evidence of proceeds, banking, and receipts for review.*

#### B. Disposal of GPA 34 Truck

The disposal committee approved the disposal of GPA 34 and committee recommended to Sulayman Khan an amount of GMD50,000 being a scrap asset as per minutes. We noted 2 offers but the following was noted.

1. *No GPPA Approval for the Disposal*
2. *No evidence of public tendering*
3. *Bid opening report and register not provided.*
4. *Contract with Buyer not seen.*
5. *Evidence of proceeds, banking, and receipts for review.*

## **6.2 Implication**

### **Lack of GPPA Approval**

The absence of GPPA (Gambia Public Procurement Authority) approval suggests a deviation from standard procurement procedures, raising concerns about compliance with regulatory requirements.

### **No Evidence of Public Tendering**

The lack of evidence of public tendering raises questions about the fairness and competitiveness of the disposal process. It may indicate a lack of transparency and openness in the selection of the buyer.

### **Incomplete Bid Opening Documentation**

The missing bid opening report and register hinder a thorough review of the bidding process. This gap may impact the assessment of fairness and integrity in the selection of the buyer.

### **Missing Contract with Buyer**

The absence of a contract with the buyer raises concerns about the terms and conditions of the disposal. It is crucial to have a legally binding agreement to protect the organization's interests and clearly define the responsibilities of both parties.

### **Lack of Documentation for Proceeds and Banking**

The absence of evidence related to the proceeds, banking, and receipts hampers the ability to verify the financial aspects of the disposal. This gap may impact the completeness and accuracy of financial reporting.

## **6.3 Recommendation**

Management should Obtain and provide the missing contract for the disposal of Aljamdou to ensure a comprehensive audit review.

Furthermore, management should ensure that the disposal process is improved in ensuring it goes through the necessary levels of controls, bid opening reports and register maintained, and other key documents in relation to the disposal is maintained and provided for verification.

## **6.4 Management Response**

### ***A. Disposal of James Island Ferry***

***Following approval of the Board for the disposal of the James Island Ferry, the Company solicited for quotes for sale of same through the local print media and after the evaluation of the bids received, it recommended the sale of the ferry to the highest bidder at D1.2M but could not proceed with the sale as it had a potential bill of over D1M for the prolonged period that the ferry stayed at capital Gas.***

***After doing cost benefit analysis and considering the challenges that a third party buyer would face in terms of scrapping the ferry on the grounds of Capital Gas or floating the vessel elsewhere, management decided to accept the D1M offer from Capital Gas.***

### ***B. Disposal of GPA 34 truck***

***Your concerns are noted. Management would endeavor to follow the GPPA guidelines when disposing assets in the future.***

## 7. Hull and Machinery Insurance

GRADE 1

### 7.1 Observation

During the period under review, we noted a Hull & Machinery Insurance Contract was signed with Global Security Insurance Company with USD196,353 to cover the FY 21 period. Upon our review of the Value insured, we noted material differences between the value of the Ferry in the Insurance Policy and the actual Net Book Value of the Ferry. The total USD Value of Ferries as per the Asset Register is USD1.813 Million whilst the company recognized a value of USD8 Million for the values giving a difference of USD6.186 Million overstated as detailed below;

Ferry	Fixed Asser Register Value		Ferry Value in Insurance Policy USD	Difference
	Net Book Value GMD	Net Book Value USD		
MV Johe	43,454,943	823,947	2,500,000	1,676,053
Soma Ferry	47,047,185	892,059	2,500,000	1,607,941
Kanilai	5,131,763	97,303	3,000,000	2,902,697
<b>Total</b>		1,813,309	8,000,000	6,186,691
<i>Note : - GMD NBV was converted at D52.74/1USD</i>				

Considering the asset value forms the basis of the insurance charge, in the event management declared the USD1.813 Million instead of USD8 Million, it would have been approximately USD44,507 Charged instead of USD196,358 giving a saving of USD151,850/GMD8.008 Million to the Company.

### 7.2 Implication

Overstating the asset value in the insurance policy results in higher insurance charges, potentially leading to overpayment for insurance coverage. There is a risk of unnecessary financial burden on the company due to inflated insurance costs which could have been avoided leading to savings of approximately GMD8.008 as stated above.

### **7.3 Recommendation**

Management should implement robust procedures to ensure that the values declared in insurance policies align with the actual Net Book Values of the assets. Establish a process to update insurance values when there are changes in asset values.

### **7.4 Management Response**

*The ferries were recorded in the books using their original or historic values. In the absence of any impairment review over the years, to compare the net book values of the ferries against their market realisable values and bearing in mind that the replacement cost of the Johe and Soma Ferries could be in excess of D400M due to the depreciation of the Dalasi against other international currencies, the Company decided to maintain the insured values of the ferries.*

*However, in 2023 the insured values were reduced to be more reflective of market realisable values.*

## 8. Property, Plant & Equipment

8GRADE 1

### 8.1 Observation

The following was noted during our review on Property, Plant & Equipment of the Company;

#### A. Land Values – Cost of GMD13.635 Million as at 31<sup>st</sup> December 2021

We noted the Land Values recognized in the Financial Statements dates to 2001-2003 which is over 20 years ago and taking into account the land appreciation values, this implies an understatement of the Land Asset Values of the Company.

DATE	ASSET NAME	LOCATION	ASSET No	AMOUNTS
<b>Land Asset Category</b>				
01/07/01	Assets from GPTC	VARIOUS STATIONS	GFS/LAND/VAR/001	12,635,232.51
30/07/03	Acquisition of jeng's property	BANJUL TERMINAL	GFS/LAND/BJL/002	1,000,000.00
01/01/2021	<b>OPENING BALANCE</b>			<b>13,635,232.51</b>
31/12/20	<b>TOTAL BALANCE C/F</b>			<b>13,635,232.51</b>

#### B. Physical Asset Verification

During our asset verification, we were unable to verify the assets listed below. Kindly assist us to conduct a verification.

Date	Asset Name	Location	Asset No.	Amount (GMD)
<b>Furniture</b>				
25/02/2020	Air Condition 12000 BTU	Banjul-Terminal -Revenue Office	GFS/FF/BJL/979	26,900.00
25/02/200	Air Condition 18000 BTU	Banjul-Terminal-Ticking office	GFS/FF/BJL/980	29,800.00
25/02/2020	Air conditioner	Banjul-Terminal	GFS/FF/BJL/981	29,800.00
16/03/2020	Jnr executive Desk	Banjul-Terminal-Weight Bridge	GFS/FF/BJL/982	9,000.00
16/03/2020	Jnr executive Chair	Banjul-Terminal-Weight Bridge	GFS/FF/BJL/983	6,500.00
16/03/2020	Jnr executive Desk	Banjul-Terminal-Terminal Manager	GFS/FF/BJL/984	22,500.00
31/12/2021	Air Condition 12000 BTU	Banjul-Terminal-IT Server room	GFS/FF/BJL/996	15,000.00
31/12/2021	Air Condition 12000 BTU	Banjul-Terminal-Damen Resident Engineer Office	GFS/FF/BJL/998	15,000.00
16/02/2021	Air Condition 12000 BTU	Banjul-Terminal Engineering office	GFS/FF/BJL/1000	12,000.00
28/09/2021	Air Condition 18000 BTU	Head office-Board Room	GFS/FF/BJL/1026	34,650.00
<b>Computers</b>				
30/03/2021	HP Laser jet printer F.	Banjul-Terminal - Snr.Mgr.Rev.Ctrl.	GFC/COM/BJL/350	15,000.00
27/03/2021	HP Set Dell 17	Banjul-Terminal -IT	GFC/COM/BJL/351	40,000.00
21/06/2021	HP Computer desktop for IT	Banjul-Terminal-IT	GFC/COM/BJL/352-353	24,000.00
20/08/2021	Computer CPU	Banjul-Terminal-IT	GFC/COM/BJL/357	13,000.00
17/11/2021	Ticket Printer	Banjul-Terminal	GFC/COM/BJL/358-359	71,300.00
22/11/2021	Desk top computer	Banjul-Terminal security	GFC/COM/BJL/360	16,000.00
22/11/2021	Desk top computer	Banjul-Terminal Ticking	GFC/COM/BJL/361	16,000.00
22/11/2021	Desk top computer	Banjul-Terminal Manifest	GFC/COM/BJL/362	16,000.00

## 8.2 Implication

### A. Land Values – Cost of GMD13.635 Million as at 31<sup>st</sup> December 2021

The use of outdated land values may impact the accuracy of the financial statements. It could misrepresent the company's actual asset value, potentially leading to inaccurate financial reporting.

### B. Physical Asset Verification

Assets not seen during the verification process means that we were unable to ascertain the existence of the Asset which overstates the asset value of the Company.

## 8.3 Recommendation

### A. Land Values – Cost of GMD13.635 Million as at 31<sup>st</sup> December 2021:

Consider conducting a comprehensive revaluation of land assets to reflect their current market values. This will provide a more accurate representation of the company's financial position.

### B. Physical Asset Verification

Management should ensure that the above assets listed as not seen should be looked into to determine if they should be de-recognized and investigate the reason for the missing assets.

## 8.4 Management Response

### A. Land Values – Cost of D13.635M as at 31<sup>st</sup> December 2021

*Your concerns are noted. The company has already started the process of recruiting the services of an independent valuator for the revaluation of all its assets.*

### B. Physical Assets Verification

*We confirm our availability to redo a joint verification exercise with our Internal Auditor at your earliest convenience.*

## 9. Internal Audit

GRADE 3

### 9.1 Observation

A review was performed on the internal audit function of the Company and the following was noted;

#### A. Work not Performed as per Approved Work Plan

We conducted a review on the deliverable by the Internal audit unit against the approved work plan and we noted certain areas not reviewed as per work plan or certain areas performed months after the approved period in the work plan.

#### Areas Not Covered by the IA Unit

Month	Area Reviewed	Objective	Report Status
February 21	Procurement	<i>The aim of this exercise is to review and examine the procurement guidelines in a view to determine and assess their effectiveness in the procurement process</i>	Report not seen
November 21	Transport Claim	<i>The aim of this exercise is to ascertain whether all transport claims from staff are authorized by their respective heads to department.</i>	Report not seen

#### B. Work not Performed in line with timelines in the Approved Work Plan

Upon our review on the work plan, we noted instances in which agree work was performed by the Unit, but it was carried out 5 to 7 months after the agreed period as per the workplan

Month	Area Reviewed	Date as per Workplan	Date as per Report
January	Asset Register	January 2021	8 <sup>th</sup> February 2022
February	Contract Review	February 2021	17 <sup>th</sup> August 2021
March	Payroll Audit	March 2021	21 <sup>st</sup> July 2021
	Billing & Receivable	March 2021	15 <sup>th</sup> July 2021
April	Way Bills & Ticket Machines Review	April 2021	13 <sup>th</sup> October 2021

## C. Implementation Status of Previous Period Findings

### 1. Table Indicating the Implementation Status on Previous Period Findings

Upon our review on the Annual Internal Audit Reports, we noted that a section on the implementation status on previous period findings is not maintained in the report in line with recommended presentation.

### 2. Internal Audit Findings not addressed

A review was done to ascertain managements action in implementing internal audit findings, but we noted High Risk Internal Audit Findings raised in 2020 was still not implemented in 2021 as follows.

Internal Audit Finding	Implementation Status in FY 2020	Implementation Status in FY 2021
<p><b>Weigh Bridges</b></p> <p>It was highlighted that the electronic weigh bridges at Bareto and Jenoir revealed that none of the bridges is in a good state which compels collectors and weighing centers to use discretion and estimation for vehicle weight.</p>	Not Implemented	Not Implemented
<p><b>Expired Contract</b></p> <p>During the Internal audit review, it was noted that the contract agreement with some of these service providers had their contract expired and were still providing service to the Company.</p>	Not Implemented	Not Implemented

## 9.2 Implication

### A. Work not performed as per Approved Work Plan

Misalignment with the work plan suggests a potential gap in the review of critical areas, impacting the effectiveness of internal controls. This could lead to undetected risks and control deficiencies.

Inconsistencies between the work plan and actual execution can impact the performance of the internal audit function. Stakeholders may question the reliability of audit findings and recommendations.

### B. Work not Performed in line with timelines in the Approved Work Plan

Delays in performing agreed-upon work may compromise the timely identification of issues and potential risks. This could lead to a lag in addressing and mitigating these concerns. Delays in executing audits may result in inefficient use of resources. It could lead to a backlog of work, making it challenging to address emerging risks in a proactive and efficient manner.

### C. Implementation Status of Previous Period Findings

Without a dedicated section on the implementation status, there is a risk of reduced accountability for addressing and resolving issues identified in previous audits.

Tracking and reporting on the implementation of previous audit findings is crucial for evaluating the effectiveness of risk management processes.

### D. Internal Audit Findings not Address:

Failure to implement high-risk internal audit findings leaves the Company exposed to potential risks and vulnerabilities identified in the audit process. These risks may impact the organization's performance, compliance, and overall resilience.

### 9.3 Recommendation

Management should conduct a thorough review of the current work plan. Ensure that it accurately reflects the organization's risk profile and that critical areas are appropriately covered. Adjust the plan as needed and ensure work is performed in line with the approved timelines to minimize the risk of having back logs in the Unit.

Furthermore, the internal audit unit should ensure that the implementation status section is presented in a clear and transparent manner. Use concise language and provide specific details on the status of each recommendation, including whether it has been fully implemented, partially implemented, or remains outstanding.

All internal audit findings should be addressed by management to ensure the objectives of the having a functioning internal audit unit is achieved.

### 9.4 Management Response

**A. Work not performed as per approved plan**

*During the period under review, the internal Audit was involved in a lot of exercises which were not envisaged and as such could complete all the tasks approved in its annual work plan. Notwithstanding the aforementioned, Management would put controls to ensure that all areas in the approved work plan are covered.*

**B. Work not performed in line with timelines in the approved work plan**

*The concerns are noted. Management would put controls in place to ensure that the Internal Audit Department carries out their duties according to the approved work plan.*

**C. Implementation status of previous period findings**

**1. Table indicating the implementation status of previous period findings**

*The concerns are noted. The Internal Audit Department would be directed to include a section which deals with the implementation status of previous findings.*

**2. Internal Audit Findings not implemented**

***Weigh Bridges at Bereto and Jenoi***

*The Gambia Ferry services ceased its operation between yelli- Tenda and Bemba-Tenda in 2019, when the Senegambia Bridge was opened. Prior to the closure of the stations, the GFS Management had a deliberate strategy to avoid major expenditures in maintaining assets that would not be of any use to the Company, notably the Ferries and the weighbridges, after the closure of the stations.*

***Expired Contracts***

*The concerns are noted. This issue has been dealt with as the Company has renewed all expired contracts with all service providers.*

## 10. Budget Management

GRADE 1

### 10.1 Observation

During the 4<sup>th</sup> Quarter 2020, the board approved the annual budget of the Company for the period 1<sup>st</sup> January 2021 to 31<sup>st</sup> December to guide the management of the Company on fund utilization for the period.

During our review on the variance report, we noted material variances within budget lines which was not discussed at board level giving management permission to exceed with approved limit in line with recommended budget management practice. We noted the following material negative variances as follows.

<b>Budget Extracts from the Budget Variance Report for the Year Ended 31st December 2021</b>				
<b>Budget Line</b>	<b>Actual Expense</b>	<b>Budgetted Expense</b>	<b>Variance</b>	<b>%</b>
	<b>GMD</b>	<b>GMD</b>	<b>GMD</b>	
<b>Budget Category - Cost of Sales</b>				
Spare Parts	30,757	17,515	(13,242)	(76)
Fuel	33,457	30,478	(2,979)	(10)
<b>Budget Category - Personnel Cost</b>				
Training	7,669	6,576	(1,093)	(17)
Pensions	20,541	12,829	(7,712)	(60)
<b>Budget Category - Admin Cost</b>				
Hired Transport	1,567	1,193	(374)	(31)
Data Card	965	460	(505)	(110)
Electricity	2,063	1,747	(316)	(18)
Medical Expense	7,466	3,854	(3,612)	(94)

### 10.2 Implication

The lack of discussion at the board level regarding material negative variances raises concerns about financial governance and budget oversight.

Unapproved variances may indicate a deviation from the intended allocation of funds, potentially leading to mismanagement of resources. This can result in financial inefficiencies and poor budget management practice.

### **10.3 Recommendation**

The board should establish a process for the board to review and discuss material variances in budget lines on a regular basis and approve such variances once it get to a certain % in line with recommend budget management practice.

Ensure that any deviations from the approved budget are thoroughly discussed, justified, and

### **10.4 Management Response**

*The budget is a financial management tool for the company's Board and Management to effectively manage labour, material, transport and other expenses and ensure that the company operates within its limited resources. The figures in the budget are estimated, using historic data with some element forecasting and trend analysis. Whilst the Company tries to be very conservative in its estimates, there are factors completely outside of the control of Management, such as increases in the cost of material inputs, depreciation of the Dalasi against other international currencies and increase in the number of medical cases requiring referral overseas, which determine actual expenditure.*

*Notwithstanding the aforesaid, Management would put controls in place to minimize overspending and if need be, seek the approval of the board if it has to spend more than what was budgeted.*

## 11. Standard Operational Procedure Manuals

GRADE 1

### 11.1 Observation

Upon our review on various departments within the Company we noted the following key operations within the company without a Standard Operating Procedure (SOP) Manual;

1. **Operations**
2. **Health & Safety**

### 11.2 Implication

#### **Operations**

The absence of SOP Manuals for key operations may lead to inconsistencies in processes and procedures. This could result in variations in the execution of tasks, affecting overall operational efficiency and quality.

SOP Manuals are valuable tools for training new employees and onboarding. Without documented procedures, the onboarding process may be less effective, and new staff may face challenges in understanding and following established processes.

#### **Health & Safety**

In Health & Safety, the lack of SOPs can be particularly critical in emergency situations. Standardized procedures are essential for responding effectively to accidents, injuries, or other health and safety incidents. Furthermore, it means there is no guidance maintained by the Company in ensuring Health & Safety is maintained an acceptable level at all times.

### 11.3 Recommendation

Management should initiate the development of SOP Manuals for Operations and Health & Safety. Clearly outline procedures, protocols, and guidelines relevant to each department's functions.

#### **11.4 Management Response**

***The concerns are noted. Management would engage the key operations department to develop standard operating procedure manual.***

## 12. Review on Spare Part Purchases

GRADE 1

### 12.1 Observation

We noted the following spare parts purchased during the period under review with no procurement documents attached such as sourcing from other suppliers considering it is over the single sourcing threshold and the procurement evaluation documents. As follows;

Date	Details	Ref	Amount (GMD)
13.9.2021	Cost of Schottel Pump Jet	-	5,717,500
12.8.2021	Speed Contoller for K,Kinteh	EcoPV-120821A	487,600
26.8.2021	Cost of one completed USED Engine	EcoPV-2608216	330,000
13.10.2021	Spare Parts for Ferries	TBBTRF-131021A	231,266
14.10.21	Spare Parts fr Ferries	P113-2074	329,089
13.09.2021	Bevel Gear for Kunta Kinteh	TBBTRF-130921	858,536
17.11.201	Solar System for Barra Ferry Terminal	ECOPV-1711211	294,900
08.12.2201	Settlement of invoice - Spare Parts for Johem Kanilai & Kunta Kinteh	ECOTRF-0812211	1,079,353
1.1.2021	SAUDE Equip (Senegal) 3 Diesel Engines of CFA132,601,000 - Final Payment	TBBCFA-0312211	10,608,080

### 12.2 Implication

The absence of the procurement supporting documents raises concerns about the transparency of the procurement process and lack of compliance to the GPPA Procurement Regulations.

### 12.3 Recommendation

Management should ensure there is compliance to the GPPA Procurement rules at all times and ensure there is adequate documentation maintained for review and verification.

### 12.4 Management Response

*The documents are attached as requested.*

### 12.5 Auditors Reaction

**The documents provided still implies the above were single sourced without GPPA Approval.**

## 13. Corporate Tax Outstanding to the GRA

GRADE 1

### 13.1 Observation

As at 31<sup>st</sup> December 2021, the total corporate tax due to GRA is GMD6.53 Million as per the accounting system. However, based on a letter received on the 25<sup>th</sup> January 2021, in which GRA is requesting for management to resume with the payments against the judgment of GMD73.947 Million due to GRA. We requested for a reconciliation between Ferries and GRA and signed off to ascertain the actual tax liability to be recognized but this was not done.

### 13.2 Implication

The existence of a judgment debt raises concerns about potential non-compliance with tax obligations. Failure to address and reconcile this discrepancy may lead to legal and financial consequences.

The unresolved discrepancy could impact the accuracy of financial statements with regard to the tax liability.

### 13.3 Recommendation

Initiate an immediate reconciliation process between the corporate tax liability recorded in the accounting system (GMD6.53 Million) and the GRA judgment debt (GMD73.947 Million) and engage GRA on this reconciliation. Management should engage in a dialogue with GRA to seek clarification on the judgment debt, the basis for the calculation, and any additional information that may assist in the reconciliation process.

### 13.4 Management Response

***The amount stated in our books shows the actual amount of D6.53M owed to GRA, whereas the amount stated in the consent judgement of D73.947M, includes both interest and penalty charges. The GFS Management has engaged both GRA and Government to waive these charges given that the Company is not operating purely on commercial lines but rather providing a social service to complement the efforts of Government in proving a safe and reliable service across the river Gambia.***

## 14. Revenue – Hire of Ferry

**GRADE 2**

### 14.1 Observation

During the reconciliation we noted a difference of D120,000.00 between finance and commerce report, it has come to our attention that a receipt was issued to eco-marine from (G.F.S) for the hire of ferry, we traced the bank statement to see if the balance was deposited but could not be traced. The date, receipt number and the amount is highlighted under the table below.

COMMERCE REPORT			FINANCE REPORT		
DATE	RECEIPT NO	AMOUNT	DATE	RECEIPT NO:	AMOUNT
15/03/21	133402	120,000.00	15/03/21	133402	120,000.00
21/04/21	133403	120,000.00	21/04/21	133403	120,000.00
02/06/21	133405	120,000.00	21/06/21	133404	120,000.00
21/06/21	133406	120,000.00	21/06/21	133406	120,000.00
16/07/21	133408	120,000.00	16/07/21	133408	120,000.00
27/08/21	133409	120,000.00	27/08/21	133409	120,000.00
06/09/21	133410	120,000.00	27/10/21	133411	120,000.00
08/10/21	133411	120,000.00	10/11/21	158002	120,000.00
10/11/21	158002	120,000.00	14/12/21	133412	120,000.00
14/12/21	133412	120,000.00			
TOTAL		1,200,000.00			1,080,000.00

### 14.2 Implication

The inability to trace the deposit related to the issued receipt raises concerns about unaccounted revenue. This could impact the accuracy of financial records and reporting.

#### **Risk of Misappropriation or Error:**

The discrepancy between the issued receipt and the missing deposit may indicate a risk of misappropriation or error in the handling of funds. It is crucial to investigate and rectify the situation promptly.

#### **Financial Reporting Accuracy:**

The unreconciled difference may affect the accuracy of financial reports. It's important to address this discrepancy to ensure the reliability of financial statements and compliance with accounting standards.

### **14.3 Recommendation**

Management should collaborate with relevant departments, including finance and commerce, to gather information and insights into the transaction. Ensure a coordinated effort to address the discrepancy.

Furthermore, management should review and strengthen internal controls related to revenue collection, issuance of receipts, and recording of financial transactions. Implement additional checks and balances to prevent similar discrepancies.

### **14.4 Management Response**

*Due to the complexity of our operation, the frequent breakdown of the ferries and the movement of our engineers across the country, we are sometimes obliged to take money from the terminals to respond to emergency situations in terms of spares urgently needed , paying allowances for staff performing extra duties or traveling to the provinces and sometimes the claims for refund are not done on time.*

*Management would sanction a thorough reconciliation between the amounts payable to the Cashiers for the outstanding D120,000 in your report and by end of June a definite position would be taken by the DF and DHRA.*

## 15. Performance of the Company - %of Personnel Cost Against Revenue

GRADE 1

### 15.1 Observation

An analysis was done on the personnel cost of the company against the revenue and we noted a material increment trend over the last years. As at 31<sup>st</sup> December 2021, the personnel cost account for 74% of the total revenue of the Company as follows;

Details	Financial Periods - 3 Year Analysis		
	FY2019	FY2020	FY2021
	GMD '000	GMD '000	GMD '000
<b>Total Revenue</b>	348,510	200,198	266,840
<b>Total Personnel Cost</b>	105,046	121,657	198,555
<b>% of Personnel Cost to Revenue</b>	<b>30</b>	<b>61</b>	<b>74</b>

### 15.2 Implication

A personnel cost accounting for a significant portion of total revenue may raise concerns about the financial sustainability of the company. Such a high ratio can impact the ability to generate profits and cover other operational expenses.

The high proportion of revenue allocated to personnel costs may indicate potential inefficiencies in workforce management. It's important to assess whether the company is achieving optimal productivity and cost-effectiveness in its operations.

### 15.3 Recommendation

Management should Review operational processes and workflows to identify opportunities for streamlining and improving efficiency. This may involve adopting technology solutions, reorganizing tasks, or restructuring roles within the Company.

## **15.4 Management Response**

*The decrease in the total revenue earnings of the Company from D348M to D267M, from 2019 to 2021, is due mainly to the closure of the ferry stations in Transgambia, Fatoto and Basse. The increase in the personnel cost on the other hand, from D105M to D198M, from 2019 to 2021, is due to the changes in the salary and allowances structure of GPA and its subsidiaries.*



