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## Regional Office (Senegal, Cabo Verde, Guinea-Bissau, Mauritania, The Gambia)

September 24, 2019

M. Alpha Robison

Managing Director NAWEC

Republic of the Gambia

***The Gambia Electricity Support Project (P152659)***

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

Dear Mrs. Njie:

We thank you for submitting the audited Financial Statements for the**Electricity Support Projec*t*** for the fiscal year ended 31 December, 2018 whichwere audited by the independent firm PKF.

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

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

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

**Audit Opinions:** The auditor expressed an unqualified opinion (clean opinion) on the financial statements of the project. According to the auditor, the accompanying financial statements give a true and fair view of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with project agreement.

**Financial statements:** The financial statements comprise the statement of financial position, the statement of profit or loss, the statement of changes in equity, the statement of Cash flow, the notes to the financial statements including a summary of significant accounting policies and the list of assets acquired with project funds. During our review, we noted that the statement of sources and uses of funds was not included in the set of financial statements. We recommend for subsequent audits to include a statement of sources and uses of funds in the set of financial statements.

**Internal Control:** In the management letter, the auditor has highlighted these following improvement points and has given some recommendations to strengthen the internal control system:

* A budget overrun of 44% was noted on various component of the budget such as 1.1 Kotu and Brikima power capacity reinforcement, 1.2 Rehabilitation of the Brikama power plant, 3.1 Consultancy services and 3.4 Project implementation support. The auditor recommends seeking approval from the World Bank in the event of any deviation from the budget;
* For the replacement of damaged equipment at Kotu power station the bidder did not prove the authenticity of the information provided. The auditor recommends to always ensure that relevant evidence and qualification criteria are provided;
* Decision to award contract was not provided to the unsuccessful bidders. The auditor recommends that project management ensure that all World Bank regulations are strictly adhere to.

The auditor has followed up the status of last year recommendations. We noted that some recommendations were not implemented such as the preparation and validation of an annual work plan, the preparation of quarterly progress report and the customization of the accounting software for financial statements printing.

We recommend that you elaborate an action plan to address these improvement points and continue to focus on the efficiency and effectiveness of the project’s system of internal controls as these would be helpful in improving the project’s financial management system and enhance the quality of its reports. A special attention will be given to the effective implementation of proposed recommendations during our next supervision mission.

Sincerely,

Chris Trimble

Task Team Leader