



7

CABRI 

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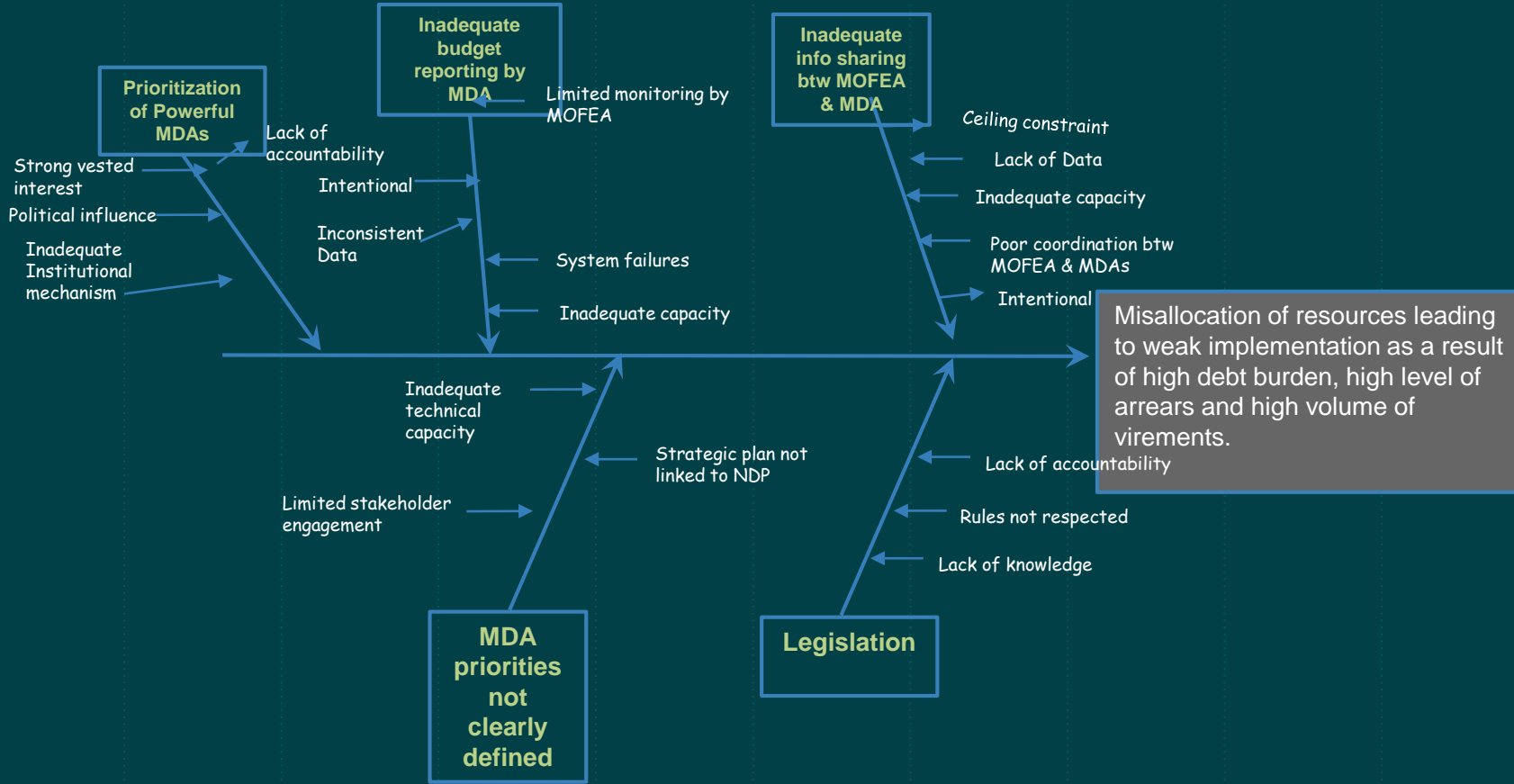
Initial Problem

Misallocation of resources leading to weak implementation as a result of high debt burden, high level of arrears and high volume of virements.

High virements and arrears leading to misalignment in the appropriated budget and spending.



Fishbone



Entry Points



Entry Point- Inadequate Budget Reporting

- o Develop guidelines, templates and timelines on budget reporting
- o Engage Management (for authority and support)

Progress made

- o Guidelines and templates developed and to be disseminated before 2018 budget implementation
- o Engaged Minister, PS, Directors on numerous occasions to support implementation of activities.

Draft MDA Reporting Template					
Month or Date	Allocated Amount	Distribution to line items	Specific Activity used for	Remaining Balance	Objectives for Next Qtr
		Insert amount distributed and to which budget line	Insert activity that cash was spent on	0	
				Insert remaining balance after spending on activity	

Entry Point - Inadequate Budget Reporting

- Understand the reason
- Survey AAA (entry point)

Progress made:

Developed survey tool
Results analyzed and first draft
of report from survey produced
and shared with Management



Expenditure Reporting Survey

1. Are you aware that your MDA is mandated to send quarterly budgetary (expenditure) reports to MOFEA?
2. Has your MDA submitted any quarterly reports to MOFEA in the past?
Please list period
3. If not? Why has your MDA not submitted quarterly reports to MOFEA?
4. Are you aware and knowledgeable about the different reports available in the IFMIS system that can be used to produce budget reports

Entry Point – Inadequate Information Sharing

Initial Actions

- 5th June – Getting authority: MOFEA PS to sign letters to MDAs on data requests
- 7th June – Engage MDAs to further sensitize and deepen acceptance

Progress made

- Data was collected, analysed and initial report drafted and submitted to Management.
- Workshop on preventing and managing arrears was conducted to sensitize vote controllers.
- Results of data analysis was presented to stakeholders to show the impact of both arrears and virements on the budget.



Activity	Timeline
<ul style="list-style-type: none"> 1. Engaged management to solidify support for our activities, by making presentation on the PDIA program 1. Sent out letters requesting for data on MDA arrears 1. Distributed surveys on financial records management and reporting processes of MDAs 	Week of 16 th June
<ul style="list-style-type: none"> 4. Collected data on MDA arrears 5. Reviewed budget execution guidelines and developed draft MDA reporting template 	Week of 7 th July
<ul style="list-style-type: none"> 6. Engaged the Internal Audit Directorate for the verification and validation of collected data on arrears 	Week of 20 th September
<ul style="list-style-type: none"> 7. Started using data on arrears and virements during budget bilaterals to address to problem for 2018 budget 	Week of 27 th Sept.
<ul style="list-style-type: none"> 8. 1st & 2nd Revision of Fishbone 	28 th September, 11 th October

Activity	Timeline
9. Sent out invitation letters to support internal audit arrears verification exercise 10. Met with stakeholders to revise fishbone for the final time	Week of 10 th October
11. Conducted a training workshop on arrears, for vote controllers, accountants and procurement officers	Week of 1 st November
12. Developed policy brief and circulated to Minister and some members of Management	Week of 22 nd November
13. Discussed policy brief with the Permanent Secretary and incorporated comments 14. Met internal audit to discuss findings from arrears verification exercise	Week of 29 th November

Key Stakeholders and Why



- Minister for Finance & Economic Affairs
- Permanent Secretary MoFEA and
- Director of Budget
- **Authority**



- o Directorate of Internal audit
- Key in arrears verification to establish authenticity of submissions
- **Ability**



- Vote Controllers, Accountants , Procurement Officers
- Cooperation key in minimizing arrears and virements
- Workshop and survey – understanding of constraints, sensitization and deepening acceptance
- **Acceptance**



Key Outputs



Strengthened Authorization

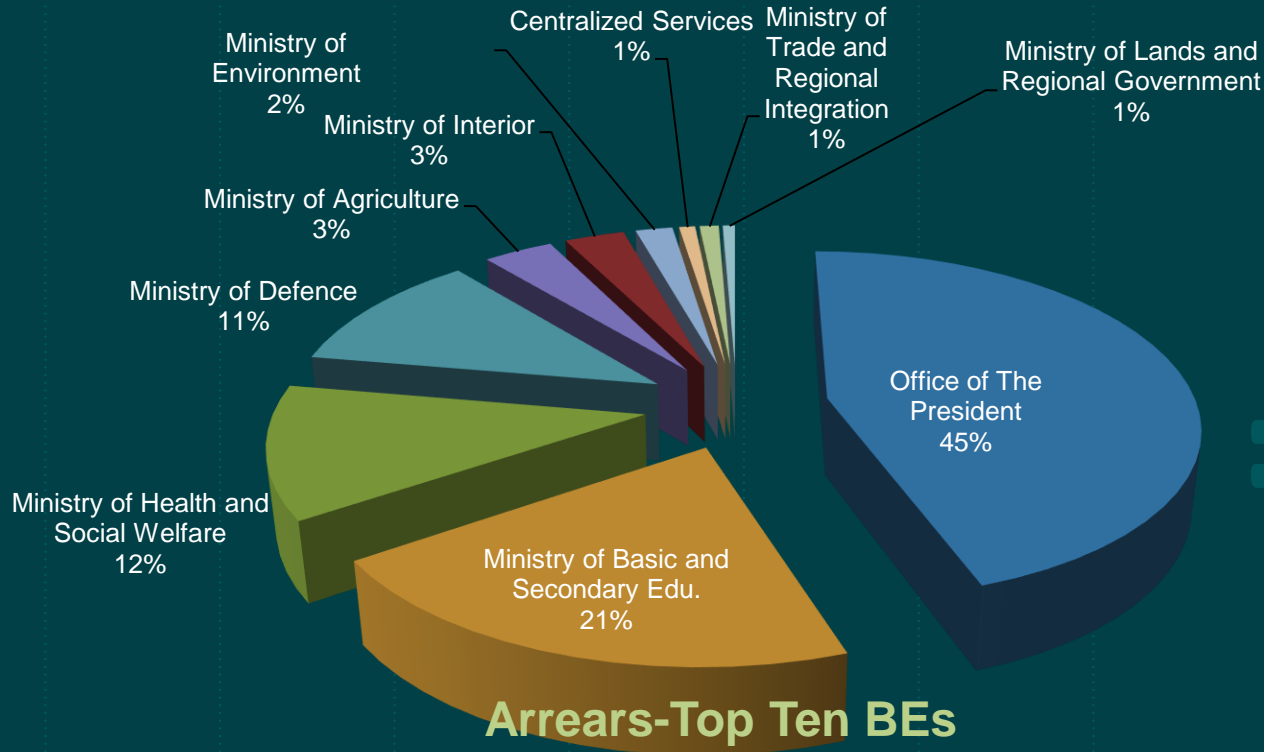
Minister **Permanent Secretaries** **Deputy Permanent Secretary, Fiscal Affairs** **Director of Budget**



- o Established guidelines and templates for budget reporting to strengthen M&E of the budget



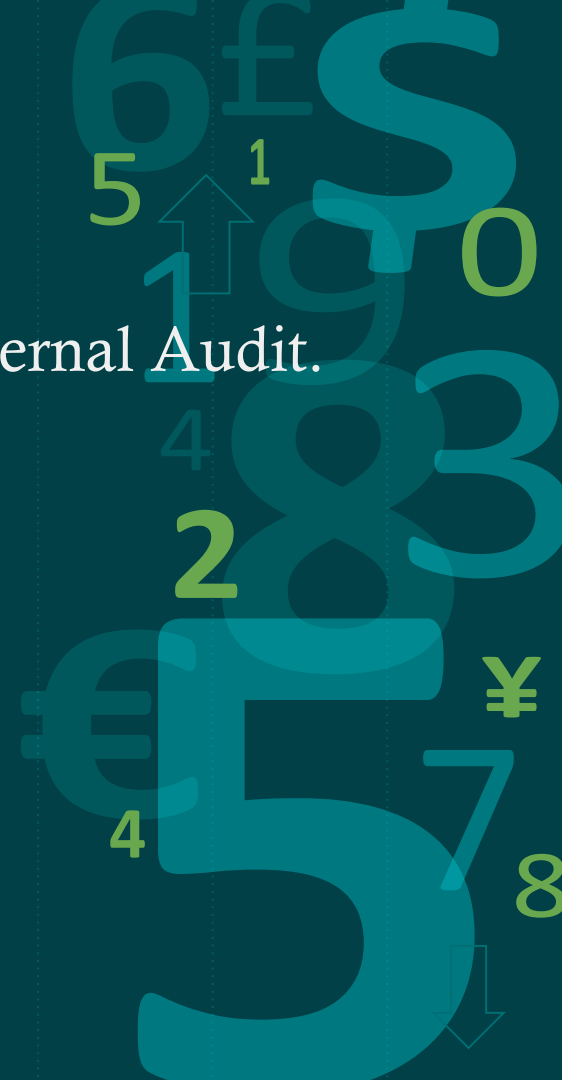
Established stock of government arrears



MDA	% of 2016 Expenditure
Office of The President	28.2%
Ministry of Basic and Secondary Edu.	11.7%
Ministry of Health and Social Welfare	10.8%
Ministry of Defence	13.7%
Ministry of Agriculture	10.4%
Ministry of Interior	3.8%
Ministry of Environment	7.5%
Centralized Services	1.2%
Ministry of Trade and Regional Integration	10.4%
Ministry of Lands and Regional Government	9.7%
Total	6.6%



- Arrears verified and authenticated by the Internal Audit.
- Ensure arrears legally incurred
- Avoid settlement of fraudulent invoices



–○ Trained and sensitized vote controllers, accountants and procurement officers on:

- Budget reporting
- Fiscal risks related to arrears



Lessons Learnt



Working as a Team-Lessons Learnt

- Important to learn how each works best so as to get optimum output
- We can be each other's pick me up
- Must be self-motivated and take ownership of our individual roles
- Important to have everyone's' voice count
- Consistent behavior key to team discipline



Tackling the Problem -Lessons Learnt

- Arrears are being developed in expenditure areas that are not critical
- Contributions to international organisations that are not adding value
- Travel related expenses
- Vehicle related expenses – i.e. maintenance

However.....

- Expenditure arrears in critical areas like utilities – SOE (NAWEC) bail out a significant fiscal risk



Tackling the Problem -Lessons Learnt

- Need to introduce sanctions for fiscal indiscipline
- Tackling the issues require significant collaboration with other Directorates and continued engagement with the MDAs
- Corruption a root cause (indicative in types of suppliers engaged)
- Insufficient oversight function by MoFEA enables the problem to certain extent
- Limited response to audit queries provides MDAs little incentive to do better
- Need for MoFEA to be better example



Tackling the Problem -Lessons Learnt

→75% cap for viremenst high in comparison to other countries (5-10%)

- 990 virements in 2016
- 1044 virements in 2015
- 873 virements in 2014



Working With Others -Lessons Learnt

- Engaging and collaborating made it a “we” problem and made things less of an imposition
- Helped learn more about the problem through other perspectives



Authorizing Environment -Lessons Learnt

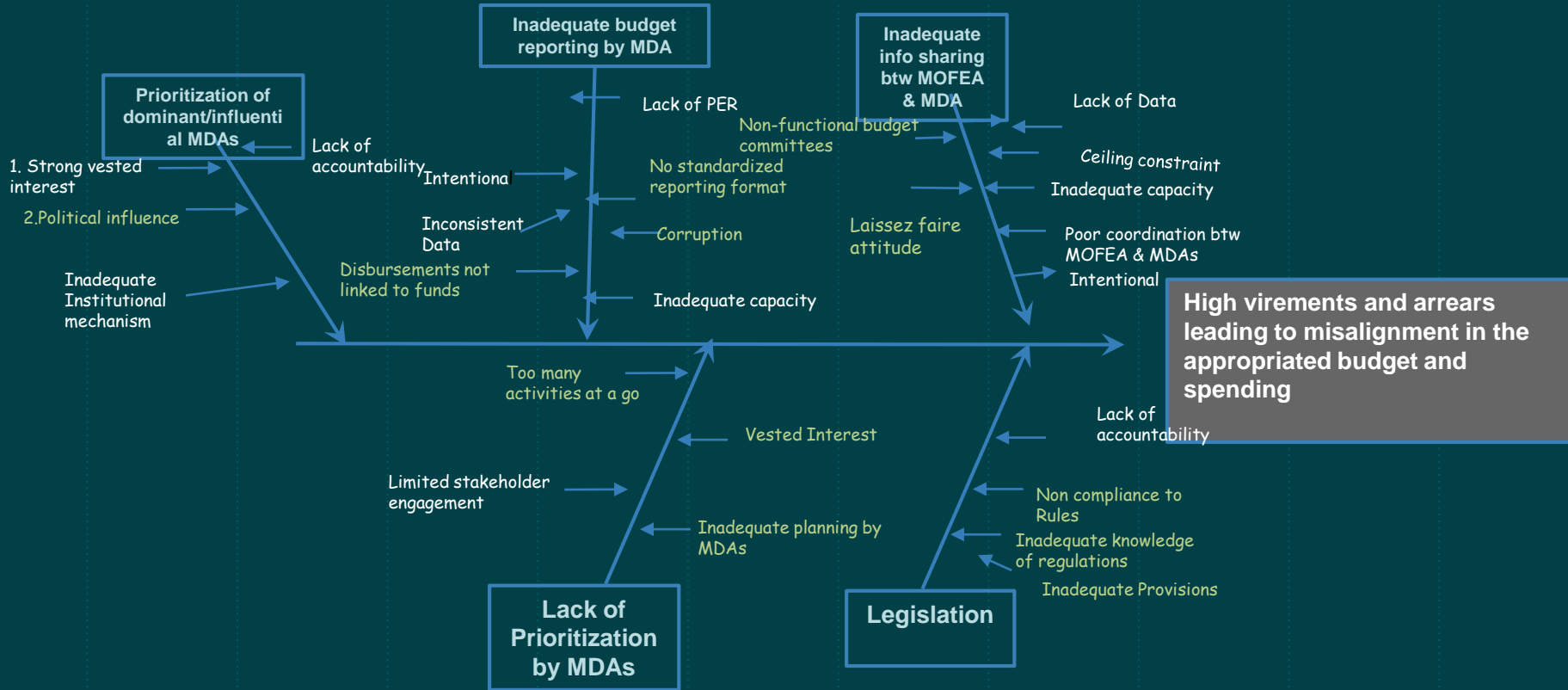
- Once you can demonstrate the importance of issues, you are likely to get the required support
- Support may not come all at once and may not be continuous



What Next ?



Revised Fishbone



Legislation?

- Revising the 75% cap on virements
- Clearly define arrears in Public Finance Act



Immediate Next Steps



- Workshop for suppliers - MoFEA & GPPA
- Press Release
- Put MDAs that are on post paid electricity on pre-paid
- Release new budget execution guidelines
- Posting of internal auditors to MDAs
- Curb the levels of virement approvals by MoFEA
- Quarterly meetings between audit and budget
- IFMIS Training for accountants



Thanks!

Any questions?

