



## **PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) ROADMAP 2024**

### **1.0: INTRODUCTION**

#### ***Purpose of the PEFA Roadmap***

The purpose of the Public Expenditure and Financial Accountability (PEFA) roadmap is an internally generated document intending to identify the weaknesses and challenges within the PFM system outlined in the assessment, identify actions and timelines to address them, and designate the responsible institutions to ensure improved performance in the Public Financial Management (PFM) system. PEFA serves as a critical tool for assessing, enhancing, and sustaining strong PFM systems, which are essential for good governance, effective public service delivery, and sustainable development.

#### ***1.1 Scope and Objectives***

This assessment focuses on the Public Financial Management (PFM) activities of a national government, with limited inclusion of local governments, primarily when they pose potential PFM risks. The assessment covers budgetary and extrabudgetary entities of the central government, excluding the Social Security and Housing Corporation (SSHFC) and the central bank, unless they pose risks to the central government.

The PEFA assessment, effective as of November 30, 2022, identified challenges in obtaining comprehensive data, particularly from extrabudgetary units, agencies with independent accounting systems, and donor-funded projects. These data limitations affected the scoring and analysis, although efforts were made to source alternative information. The last fiscal years assessed were those ending December 31, 2021, but older fiscal years were sometimes used due to incomplete audits.

The assessment encountered significant issues with data quality, delays, inconsistencies, and lack of cooperation from some entities, which complicated the analysis. Despite these challenges, the report reflects the best possible evaluation based on available information.

### **2.0: OVERVIEW OF PEFA FRAMEWORK**

#### ***2.1 What is PEFA?***

Public Expenditure and Financial Accountability (PEFA), is a framework used to assess the public financial management (PFM) systems of a country. In this context, the Ministry of Finance and Economic Affairs (MoFEA) of The Gambia commissioned a PEFA assessment to evaluate the country's PFM practices. This assessment uses the PEFA 2016 PFM Assessment Framework to measure the effectiveness, efficiency, and transparency of public financial management in the country. Additionally, the assessment includes the Supplementary Framework for Assessing Gender Responsive Public Financial Management (GRPFM) 2020 to evaluate how well the PFM system addresses gender-related considerations.

This assessment, supported by the African Development Bank (AfDB) under its Inclusive Growth Promotion Institutional Support Project (IGPISP), marks The Gambia's first use of

the 2016 PEFA framework, with the previous assessment in 2014 utilizing an earlier version. PEFA serves as a tool for governments and development partners to identify strengths and weaknesses in a country's PFM system and to guide reforms for better financial governance.

### **2.1 Importance of PEFA in Public Financial Management (PFM)**

The PEFA (Public Expenditure and Financial Accountability) framework plays a critical role in Public Financial Management (PFM) by providing a comprehensive assessment of how effectively a government manages its public finances. Based on the information provided, the importance of PEFA in PFM can be summarized as follows:

- **Benchmarking and Performance Tracking:** PEFA establishes a baseline for PFM performance, allowing governments to measure progress over time. This helps in identifying areas where PFM practices are suboptimal and need improvement, thus facilitating informed decision-making.
- **Guiding Policy Interventions:** By highlighting strengths and weaknesses in the PFM system, PEFA helps guide policy interventions that are necessary for improving financial management practices. This ensures that resources are allocated efficiently and effectively, supporting the government's fiscal and budgetary goals.
- **Supporting Development Agendas:** PEFA assesses how well the PFM system supports the achievement of government development goals, such as fiscal discipline, strategic resource allocation, and value for money in service delivery. This alignment is crucial for attaining broader objectives like the Sustainable Development Goals (SDGs).
- **Enhancing Gender Responsiveness:** The inclusion of the Supplementary Framework for Assessing Gender Responsive PFM (GRPFM) ensures that the PFM system addresses gender inequalities and responds to the specific needs of different groups. This is vital for promoting social equity through financial management.
- **Quality Assurance and Transparency:** The rigorous process of data collection, analysis, and quality assurance, involving multiple stakeholders, ensures that the assessment is credible and the findings are reliable. This transparency builds trust among stakeholders and provides a solid foundation for future reforms.

### **3.0: PEFA ASSESSMENT PROCESS**

The PEFA assessment process involves several key stages, as outlined in the information provided:

- The PEFA assessment defines the scope by focusing on the national government of The Gambia, excluding local governments except where their activities intersect with or pose potential Public Financial Management (PFM) risks to the national government. It includes all budgetary and extrabudgetary institutions of the central national government, while excluding specific entities like the Social Security and Housing Corporation (SSHFC), unless they receive government subventions or pose risks covered by the PEFA framework.
- The assessment does not cover the central bank or other public sector institutions outside the described sectors.
- The assessment evaluates the performance of the PFM system within a specific time frame, ensuring that the performance indicators are relevant to the period under review.

- The assessment relies on various sources of information to gather data, including official government documents, reports, and possibly external sources like development partners. The reliability and availability of data are crucial for the accuracy of the assessment.
- The assessment addresses other methodological considerations, such as how to handle data gaps, inconsistencies, and the quality of information. These considerations are vital for ensuring the credibility and validity of the final report.

### 3.1 STRENGTHS AND WEAKNESSES IN PUBLIC FINANCIAL MANAGEMENT (PFM) IDENTIFIED IN THE ASSESSMENT

#### 3.1.1 STRENGTHS

- **Contingency Votes:** The use of contingency votes remained below 2.0% over three years, reflecting strong fiscal discipline and helping track and control aggregate spending.
- **Chart of Accounts:** Enhancements to the chart of accounts can improve the monitoring of service delivery programs across the budget cycle.
- **Budget Calendar Adherence:** A fixed budget calendar, combined with strict budget constraints and proper fiscal planning, is becoming a valuable practice for maintaining fiscal discipline.
- **Timely Budget Approval:** Approving the budget before the fiscal year starts enhances fiscal discipline and allows for better budget implementation.
- **IFMIS, TSA, and EFT Reforms:** Ongoing reforms in financial management systems are improving expenditure control and budgeting processes across government levels.

#### 3.1.2 WEAKNESSES:

**The existing legal framework**, including the PFA 2014 and related regulations, lacks responsiveness to current fiscal discipline needs. Provisions such as allowing up to 75% virement among budget heads and the absence of multiyear budgeting undermine fiscal discipline.

- **Gaps in Revenue Administration and Accounting:** Issues such as inefficient reconciliation, weak supervision, inaccurate revenue recording, late banking, and cash suppressions contribute to poor revenue performance, which negatively impacts fiscal discipline.
- **Poor Asset Management Culture:** The lack of proper financial and non-financial asset registers hinders effective monitoring, potentially leading to misuse or loss of assets.
- **Uncompetitive Procurement Practices:** Practices such as the lack of contract committees, inappropriate delegation of authority, and weak procurement processes lead to inefficiencies and increased costs, putting undue pressure on public finances.
- **Weak/Non-Enforcement of Regulations:** The failure to enforce existing regulations related to virement, revenue administration, and procurement undermines the effectiveness of the PFM system and compromises fiscal discipline.

#### 4. FINDINGS OF THE ASSESSMENT AND OUTLINED ROAD MAP

##### 4.1 Public Expenditure and Financial Accountability

###### 4.1.1 BUDGET RELIABILITY

4.1.1.1 Indicator		Aggregate Budget Outturn				Score	
						<b>D</b>	
<b>Findings</b>	Over the last three fiscal years (2019-2021), actual expenditures exceeded budget estimates by more than 15%, indicating poor budgetary control and discipline						
	<b>Interventions</b>	<b>Timeline</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L	NA, NAO		DOB, MPAU
	Ensure the budget guideline are strictly adhere to in other to avoid high precedence of virement.						

4.1.1.2 Indicator		Expenditure Composition Outturn				Score	
						<b>D+</b>	
<b>Findings</b>	There is a high level of virement, reflecting frequent reallocations of funds between budget items, which undermines expenditure stability						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Respon sible</b>
		S	M	L	NA		DOB, AGD
	Strict adherence to the budget execution guideline.						

4.1.1.3 Indicator		Revenue Outturn				Score	
						<b>D</b>	
<b>Findings</b>	The Medium-Term Expenditure Framework (MTEF) is not updated annually, and financial reports omit project grant receipts, leading to inconsistencies with approved budgets.						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Respon sible</b>
		S	M	L	US Treasury		DOB, MPAU, PFMD
	Ensure the MTEF is updated annually to capture recent macroeconomic projections.						

<b>4.1.1.3 Indicator</b>	<b>Budget Classification</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	Inconsistencies between budget formulation and reporting make it challenging to track expenditures accurately. The budget classifies expenses as recurrent and development, where as reporting uses recurrent and capital classifications, leading to confusion.						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Respon sible</b>
		S	M	L			
	Align reporting and expenditure tracking to the same classification	X					AGD, DOB

<b>4.1.1.4 Indicator</b>	<b>Medium-Term Perspective in Expenditure Budgeting</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	The transition to full multiyear budgeting is incomplete, with expenditure ceilings covering less than 60% of the budget, limiting long-term fiscal planning						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsibl e</b>
		S	M	L			
	Ensure the implementation of the Program Base Budgeting (PBB).		X		IMF, EU, US Treasury		MPAU, DOB

<b>4.1.1.5 Indicator</b>	<b>Predictability of In-Year Resource Allocation</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	Cash forecasting is inaccurate, excluding significant portions of resources and expenditures. In-year budget adjustments are frequent, non-transparent, and undermine budget predictability.						
	<b>Interventions</b>	<b>Timeline</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Ensure that expenditure guideline is followed accordingly.		X				AGD, DOB

<b>4.1.1.6 Indicator</b>	<b>In-Year Budget Reports</b>					<b>Score</b>	
						<b>D+</b>	
<b>Findings</b>	The information in in-year budget reports is limited, focusing only on government-funded expenditures, which reduces comparability with the original budget and hampers comprehensive financial oversight						
	<b>Interventions</b>	<b>Timeline</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Ensure that there is comprehensive M & E covering all government funds.	X					DOB & Aid Coordination

#### 4.2 TRANSPARENCY AND ACCOUNTABILITY

<b>4.2.1 Indicator</b>	<b>Transfers to subnational governments</b>					<b>Score</b>	
						<b>C+</b>	
<b>Findings</b>	The Local Government Act 2002 mandates that the Central Government provide 25% of the Council's development budget but lacks specifics on implementation. There are no clear guidelines on how to determine the budget size, content, or manage development expenditures						
	<b>Interventions</b>	<b>Timeline</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	The Directorate of Budget and the Ministry of Lands need to collaborate to establish and adhere to clear guidelines for spending on the development budget.		X		MOLRG		DOB

<b>4.2.2 Indicator</b>	<b>Performance information for service delivery</b>					<b>Score</b>	
						<b>D</b>	
<b>Findings</b>	There is widespread non-compliance among Ministries, Departments, and Agencies (MDAs) with the requirement to prepare strategic plans, as highlighted by a 2019 audit. Many MDAs failed to submit their plans despite interventions						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	All MDAs should provide a strategic plan and adhere to them.		X				MOFEA
	Comment: All MDAs should update their strategic plans.						

<b>4,2,3 Indicator</b>	<b>Public access to fiscal information</b>				<b>Score</b> <b>D</b>
<b>Findings</b>	Key fiscal documents, such as budget execution reports, are largely inaccessible to the public, hindering transparency and scrutiny.				
	<b>Interventions</b>	<b>Timeli ne</b>	<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S   M   L			NA, MOFEA
	Budget execution reports to be made available to the Public in quarterly bases.	X			

<b>4,2,3 Indicator</b>	<b>Public asset management</b>				<b>Score</b> <b>D</b>
<b>Findings</b>	The government does not maintain comprehensive records of its assets. The process for transferring and disposing of public assets lacks transparency, as information is not disclosed to the legislature or the public				
	<b>Interventions</b>	<b>Timeli ne</b>	<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S   M   L			AGD
	The relevant authority should expedite the implementation of the asset management policy to enhance accountability and transparency of government assets.	X			

<b>4.2.4 Indicator</b>	<b>Legislative scrutiny of budgets</b>				<b>Score</b> <b>C+</b>
<b>Findings</b>	The National Assembly has established procedures to complete budget scrutiny on time, but this scrutiny excludes fiscal policy; while rules for midyear reallocations exist and are generally followed during budget execution.				
	<b>Interventions</b>	<b>Timeli ne</b>	<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S   M   L			NA
	Effective Budget scrutiny.	X			

<b>4.2.5 Indicator</b>	<b>Procurement</b>				<b>Score</b> <b>D</b>
<b>Findings</b>	Procurement processes lack sufficient monitoring, and complaints management. Less than 10% of contracts are awarded through open tendering, and the public has limited access to procurement information.				
	<b>Interventions</b>	<b>Timeli ne</b>	<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S   M   L			

Emphasize the importance of utilizing a competitive bidding process that is open to both local and international participants.	X					GPPA, CRB
--	---	--	--	--	--	-----------

<b>4.2.6 Indicator</b>	<b>Internal audit effectiveness</b>					<b>Score</b>	
						<b>D</b>	
<b>Findings</b>	IA is not sufficiently operational in MDAs as to help achieve audit objectives per internal standards; management response to audit findings was only 9 percent in 2021, and the extent of implementation of the annual audit workplan was only 36 percent						
	<b>Interventions</b>	<b>Timeliness</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			IAD, NA, NAO
	There should be a strict system in place to discipline audit finding defaulters	X					

<b>4.2.7 Indicator</b>	<b>External audit</b>					<b>Score</b>	
						<b>D+</b>	
<b>Findings</b>	Audit is mostly independent but covers no more than 65 percent of revenues and 60 percent of expenditure; there are significant delays in finalizing audits and submitting reports to the legislature, and there is limited follow-up on audit findings						
	<b>Interventions</b>	<b>Timeliness</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			NAO, AGD
	Ensure backlogs of audit reports are clear.		X				

<b>4.2.8 Indicator</b>	<b>Budget Documentation</b>					<b>Score</b>	
						<b>D+</b>	
<b>Findings</b>	NA is permitted to use technical staff for research and analysis during budget deliberations. However, there is no indication that the NA independently seeks additional data or information on budget items beyond what is provided by the Minister of Finance, limiting the depth of their budget analysis						
	<b>Interventions</b>	<b>Timeliness</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	To encourage the full participation NA members in the preparation of annual budgets	X					
	To build the capacity of National Assembly members on the budget preparation process	X					

### 4.3: FINANCIAL REPORTING AND CONTROL

<b>4.3.1 Indicator</b>	<b>Central Government Operations Outside Financial Reports</b>					<b>Score</b>	
						<b>D</b>	
<b>Findings</b>	The consolidated annual financial statements do not fully account for expenditures of sub-vented units that are not funded through budgetary subventions, leading to gaps in financial reporting						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsibl e</b>
		S	M	L			AGD, MOFEA
	Ensure there is comprehensive financial reporting that captures all government expenditure.	X					

<b>4.3.2 Indicator</b>	<b>Accounting for Revenues</b>					<b>Score</b>	
						<b>D+</b>	
<b>Findings</b>	While most revenue collections are transferred to the Treasury Single Account (TSA) twice weekly, there is no complete reconciliation of assessments, collections, arrears, and transfers, indicating weaknesses in revenue accounting						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsibl e</b>
		S	M	L			AGD
	Ensure complete reconciliation of assessments, collections, arrears, and transfers for proper revenue accounting						

<b>4.3.3 Indicator</b>	<b>Expenditure Arrears</b>					<b>Score</b>	
						<b>D</b>	
<b>Findings</b>	Poor record-keeping makes it difficult to accurately determine or monitor the stock of expenditure arrears, reflecting weaknesses in financial management and control						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsibl e</b>
		S	M	L			MoFEA, AGD, DoB
	There is a critical need for the establishment of a robust system to effectively monitor and manage all expenditure arrears	X					

<b>4.3.3 Indicator</b>	<b>Payroll Controls</b>	<b>Score</b>					
		<b>D+</b>					
<b>Findings</b>	Payroll and personnel databases are not well-integrated, with infrequent reconciliation. Although payroll data integrity is generally maintained, changes to payroll are often delayed. A comprehensive payroll audit was conducted in 2019						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	To enhance and integrate the payroll system with the HRMIS	X					AGD, PMO

<b>4.3.4 Indicator</b>	<b>Internal Controls on Non-Salary Expenditure</b>	<b>Score</b>					
		<b>D+</b>					
<b>Findings</b>	Despite clear regulatory provisions, compliance is poor, particularly in areas such as segregation of duties, expenditure commitment controls, and adherence to payment rules						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Implement automated monitoring systems to keep track of all non-salary expenditures	X					AGD, MDAs

<b>4.3.5 Indicator</b>	<b>Internal Audit Effectiveness</b>	<b>Score</b>					
		<b>D+</b>					
<b>Findings</b>	Internal audits are not sufficiently operational within MDAs to achieve their objectives. In 2021, only 9% of audit findings were addressed, and only 36% of the annual audit work plan was implemented, indicating low audit effectiveness						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Strict adherence to internal audit mandates	X					MoFEA, IAD

<b>4.3.6 Indicator</b>	<b>Financial Data Integrity</b>				<b>Score</b>		
					<b>C+</b>		
<b>Findings</b>	While access restrictions and audit trails in the IFMIS support data integrity, inefficient bank reconciliations and limited information on advance accounts undermine overall financial integrity						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsibl e</b>
		S	M	L			IAD, AGD & MDAs
	Strengthen bank reconciliation processes and enhance visibility and reporting of advance accounts		X				

<b>4.3.7 Indicator</b>	<b>Annual Financial Reports</b>				<b>Score</b>		
					<b>D+</b>		
<b>Findings</b>	Although financial reports follow IPSAS cash accounting standards, they exclude about 40% of operations, and the FY2021 financial statements were not ready for audit 12 months after the year-end, indicating delays and incomplete reporting						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			AGD, NAO
	To ensure and include all accounting aspects of IPSAS	X					
	To expedite the production financial statements	X					

#### 4.4: FISCAL RISK MANAGEMENT

<b>4.4.1 Indicator</b>	<b>Fiscal Risk Reporting</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	There is no systematic mechanism to record or report the fiscal risks from State-Owned Enterprises (SOEs), local governments, or contingent liabilities, exposing the government to unmanaged fiscal risks.						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L	IMF- Afritac West, EU		MOFEA(SOE), MOLRG, SOE Commission
	A comprehensive training on fiscal risk management is necessary for the affected institutions.	X					

<b>4.4.2 Indicator</b>	<b>Public Investment Management</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	Efforts to establish a policy and guidelines for appraising, selecting, costing, and monitoring major investment projects are in the early stages, indicating underdeveloped investment management						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	To establish and maintain a policy, clear guidelines, and effective public investment management.	X					

<b>4.4.3 Indicator</b>	<b>Debt Management</b>				<b>Score</b>		
					<b>D+</b>		
<b>Findings</b>	While the Medium-Term Debt Strategy (MTDS) 2021-2025 includes scenario mapping and is publicly available, it has limited influence on annual borrowing decisions. The process for approving and monitoring guarantees is unclear, and debt records do not include guarantees						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Ensure that the MTDS guides annual borrowing decisions by aligning borrowing plans with the strategy's scenarios, objectives, and risk assessments.		X				
	Comment: All Resolved except the annual borrowing plans which is influenced by the executives						

<b>4.4.3 Indicator</b>	<b>Macroeconomic and Fiscal Forecasting</b>				<b>Score</b>		
					<b>D</b>		
<b>Findings</b>	The government failed to update macroeconomic forecasts for two out of three years. The Medium-Term Economic Fiscal Framework was paused from 2019 to 2022, and revenue and expenditure projections only covered the budget year, reflecting gaps in forecasting						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			
	Establish a regular schedule for updating macroeconomic forecasts annually, or as needed, to ensure accurate and reliable		X				

revenue and expenditure projections that reflect current economic conditions.						
---	--	--	--	--	--	--

<b>4.4.4 Indicator</b>	<b>Fiscal Strategy</b>						<b>Score</b>
							<b>D</b>
<b>Findings</b>	The government did not analyse or document the fiscal impact of proposed changes in revenue and expenditure policy for the last three fiscal years, and no fiscal strategy was prepared for the most recent fiscal year, indicating a lack of strategic fiscal planning.						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			MoFEA
	To develop a fiscal strategy			X			

<b>4.4.5 Indicator</b>	<b>Budget Preparation Process</b>						<b>Score</b>
							<b>D+</b>
<b>Findings</b>	Although a budget call circular with a calendar and expenditure ceilings exists, it provides budget entities only three weeks to prepare their estimates, and the ceilings are treated as proposals. Cabinet review occurs after budget estimates are finalized, and the legislature has only 14 days for budget review and approval, limiting thorough scrutiny						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			DOB
	Clearly communicate that expenditure ceilings are not merely proposals but binding limits. This will ensure that budget entities plan within realistic financial constraints and reduce the likelihood of budget overruns			X			

<b>4.4.6 Indicator</b>	<b>Revenue Administration</b>						<b>Score</b>
							<b>D+</b>
<b>Findings</b>	Taxpayer information is communicated effectively, but the compliance risk management system is lacking, audits are not guided by a formal plan and revenue arrears data is unreliable.						
	<b>Interventions</b>	<b>Timeli ne</b>			<b>Institution Partners</b>	<b>Resources</b>	<b>Responsible</b>
		S	M	L			GRA, MoFEA (DRTP)
	Create and implement a robust compliance risk management framework to identify, assess, and prioritize risks. This system			X			

should include regular monitoring and reporting mechanisms to ensure ongoing effectiveness.						
Comment:						

## 5.0: CONCLUSION

### • **Key PFM weaknesses to requiring urgent attention**

In conclusion, PFM in The Gambia will benefit from prioritizing new reforms to address three or four issues that are central to overall performance. These issues are so vital and pivotal to PFM that they have the potential to enhance or undermine performance in other areas. These new reform needs include the following (note: these reforms are without prejudice to the reforms that have reached advanced stages of implementation, e.g., asset management, accounts and treasury (IFMIS, TSA, EFT, etc.), financial reporting and external audit reforms), etc.

- ***Enactment of a new, modern PFM Laws*** – as explained above, the Public Finance Act 2014 predates the current wave of reforms and is no longer sufficiently responsive to modern times and fit for purpose. The new law should cover the field, including by providing the legal framework for the IFMIS, TSA, EFT, etc., and having omnibus clauses to accommodate other such emerging developments without need for a new law. Very importantly, the new law should align provisions for virement within international good practices. The law should also make multiyear fiscal programming mandatory, rather than leaving it to the discretion of MoFEA to decide on the timing of implementation. The draft Public Finance Management Bill 2022 needs adjustment in these regards if it is to be the organic budget law. Pending the enactment of this organic budget law, MoFEA may wish to consider instituting by policy directive to
  - Curb current excesses in the use of virement and denying approval for requests above the policy limit
  - Commence real multiyear fiscal programming in all its ramifications, and announcing a date for its commencement and submission of multiyear budget estimate to the National Assembly
- ***Revenue administration and accounting reforms***, including by updating the Gambia Revenue Authority Act 2004 to cater for recent reforms and developments, tightening revenue administration, accounting, accountability, and internal audit. The reforms may consider collapsing the GRA Internal Audit Unit into the Directorate of Internal Audit (DIA) of MoFEA to enhance its independence and improve the transparency of its operations.

- ***Procurement enhancement reforms***, covering the operationalization of the implementation of the Gambia Public Procurement Act (GPPA) 2022, including the institution of periodic procurement monitoring, reviews, and audits etc.; and the modernization of procurement, including by introducing e-procurement. The reforms should cover the procurement of both big and small items across all MDAs to curb

Finally, it is also not clear to what extent ongoing reform efforts also focus on attitudinal change and value reorientation. Capacity building and attitudinal change reforms are vital for successful PFM reforms. PFM reforms consist of systems reforms, and human reforms - behavioural and capacity. As difficult as they are, acquiring and installing electronic machines and software, redesigning, and changing business models and procedures, writing and producing technical manuals and guide/rulebooks, etc., are the easier part of PFM reform. Successful reforms must pay commensurate attention to the human aspect: capacity building, attitudinal change, and value reorientation. Capacity building must involve not just attendance at workshops and learning events, but real acquisition and application of the knowledge and skills learned. Acquisition and application of knowledge and skills become more difficult when practices have solidified and atrophied over the years. The longer the atrophy lasts, the harder attitudinal change will be. Time, consistency, and patience are necessary to displace long formed habits and learn new work 'tricks. Successful reforms find a way to change poor work attitudes and mainstream the desired work culture and ethic, while introducing new work systems.