

# Extracted Recommendations – Report of the Auditor General (2016/2017)

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## Property & Equipment

**Recipient:** Accountant General / Accountant General's Department

- Perform a comprehensive review and valuation of all government Property & Equipment.
  - Prepare a detailed fixed assets register and supporting documentation.
  - Record adjusting journal entries to reflect accurate asset values.
  - Implement ongoing monitoring and updating of the asset register.
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## IPSAS and FARA Reporting Alignment

**Recipient:** Accountant General / Accountant General's Department

- Establish a reporting structure integrating IPSAS cash basis requirements and FARA disclosures.
  - Add dedicated sections or appendices for FARA-required statements.
  - Develop a cross-reference table showing compliance with IPSAS and FARA.
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## Material Discrepancies in Account Balances

**Recipient:** Accountant General

- Promptly investigate all material discrepancies.
  - Perform adjusting entries with proper supporting documentation and approvals.
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## Source Document Management

**Recipient:** Accountant General

- Properly sort files by fiscal year and account.
  - Maintain standardized logs/registers in all storerooms.
  - Address mold, humidity, and environmental risks.
  - Assign personnel to oversee filing and document management.
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## Account Reconciliations

**Recipient:** Accountant General

- Implement a strict reconciliation process for all key accounts.
  - Establish clear responsibilities, timelines, and review mechanisms.
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## Cash and Bank Management

**Recipient:** Accountant General

- Develop and implement a standardized cash and bank management manual.
  - Require regular cash and bank reconciliations.
  - Align the manual with Financial Orders.
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## Revenue Data Silos

**Recipient:** Accountant General

- Conduct an assessment of compatibility between revenue collection systems and SmartStream.
  - Ensure timely sharing of revenue information with the Accountant General's Department.
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## Board of Survey Forms

**Recipient:** Accountant General

- Ensure Board of Survey forms are accurately prepared.
  - Include cash on hand and summaries of all bank balances.
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## Financial Statements and Trial Balance Reconciliation

**Recipient:** Accountant General

- Ensure all figures in the Statement of Financial Performance/Cash Receipts and Payments reconcile with the Trial Balance.
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## Disclosure Notes

**Recipient:** Accountant General

- Ensure disclosure notes are properly labelled and referenced correctly.
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## Financial Statement Review Process

**Recipient:** Accountant General

- Implement a review process with additional officers reviewing calculations and figures.
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## Revenue Item Mapping

**Recipient:** Accountant General

- Review and reconcile the mapping of revenue items in the financial statements and disclosure notes.
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## Overall Trial Balance Recommendation

**Recipient:** Accountant General

- Perform comprehensive reconciliations between the Trial Balance and Financial Statements before finalization.
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## Statement of Changes in Net Assets

**Recipient:** Accountant General

- Ensure alignment between the Statement of Financial Position, Statement of Changes in Net Assets, and Statement of Financial Performance.
  - Investigate and reconcile the variance of \$20,874,488.54.
  - Reconcile and monitor account 77002/690001 Change in Net Debt.
  - Provide requested source documents for review.
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## Statement of Cash Flows

**Recipient:** Accountant General

- Maintain all working papers and calculations supporting the Statement of Cash Flows.
  - Align reporting with IPSAS Cash Basis requirements.
  - Discontinue separate IAS 7-style Statement of Cash Flows unless transitioning to accrual IPSAS.
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## Cash and Cash Equivalents

**Recipient:** Accountant General

- Ensure Cash and Cash Equivalent balances are accurate and complete.
- Reconcile balances monthly.

- Ensure complete Board of Surveys and supporting documents are maintained.
  - Record all deposits and withdrawals at year-end.
  - Investigate and resolve unrecorded transactions promptly.
  - Establish a dedicated bank reconciliation team/unit.
  - Record all unrecorded revenue and paying-ins in SmartStream.
  - Investigate credit balances and perform adjusting entries.
  - Ensure all bank account balances are confirmed.
  - Investigate accounts not confirmed or missing from SmartStream.
  - Reconcile investment balances regularly.
  - Perform adjusting entries to align SmartStream with Certificates of Deposit.
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## **Receivables – Public Officers**

**Recipient:** Accountant General

- Follow up with Accounting Officers to ensure subsidiary ledgers are maintained.
  - Prepare reconciliations for public officers' advance accounts.
  - Adhere to FARA Section 6(2).
  - Seek National Assembly approval for advances exceeding \$500,000.
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## **Deposit Accounts**

**Recipient:** Accountant General

- Ensure reconciliation with subsidiary listings.
  - Require Finance Officers to submit subsidiary listings annually.
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## **Accounts Payable**

**Recipient:** Accountant General

- Ensure line item 76003 BTL SOF 75999 is correctly classified as a liability.
- Prepare a listing of all open vendor invoices.
- Investigate overstated balances and perform adjusting entries.
- Ensure all relevant source documents are available for audit purposes.
- Regularly prepare and maintain an Accounts Payable ageing summary.

- Perform Accounts Payable reconciliations promptly.
  - Review and monitor reconciliations.
  - Create a monitoring mechanism for Accounts Payable.
  - Implement automated tools for clearance processing.
  - Establish timely clearing procedures.
  - Create and implement an Accounts Payable manual.
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## **Public Debt and Government Securities**

**Recipient:** Accountant General

- Reconcile loans with third-party statements promptly.
  - Post MOF adjustment requests in a timely manner.
  - Keep copies of amortization schedules for all loans.
  - Perform monthly, quarterly, and yearly reconciliations for Government Securities accounts.
  - Implement procedures to obtain independent confirmations for Government Securities.
  - Ensure all source documents are available for audit purposes.
  - Reclassify exchange rate differences on the US Bond Issue 2038 from operational expenses to finance costs.
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## **Savings Bank**

**Recipient:** Accountant General

- Record interest due to Savings Bank holders in SmartStream at fiscal year-end.
  - Standardize the structure of Statement of Returns submitted by Sub-Treasuries.
  - Reverse incorrect IPSAS Cash Basis transactions.
  - Create an expense account for IPSAS Accrual Basis treatment of investment losses.
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## **Expenditure Reporting**

**Recipient:** Accountant General

- Inform CITO regarding apparent non-linkage between Funds Control and Account Balance modules.
- Review miscellaneous expenditures.
- Clarify issues with line ministries.
- Forward matters to the Financial Secretary where necessary.

- Explain differences between SmartStream and Financial Statement figures.
  - Ensure Financial Statements and Funds Control reflect the same figures.
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## **Joint Recommendations**

**Recipient:** Ministry of Finance and Accountant General

- Ensure source documents are always available for audit purposes.
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## **Publication of Audit Reports**

**Recipient:** Parliament / National Assembly

- Amend Section 16(1) of FARA, 2020, or pass a National Assembly resolution to allow annual audit reports and individual audits to be made public earlier to improve transparency and accountability.