



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On The General Services Agency

**For The Fiscal Years 2006/7 to
2011/12**

EXECUTIVE SUMMARY

October 2014

**Yusador S. Gaye, CPA, CGMA
Auditor General, RL**

Republic of Liberia



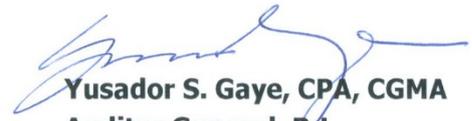
TRANSMITTAL LETTER

The Honorable Speaker of the House of Representatives and The Honorable President Pro-Tempore of the House of Senate

We have undertaken an audit of the General Services Agency (GSA) expenditure reports and financial statements for the periods July 1, 2006 through June 30, 2012. We undertook the audit under the Auditor General's statutory mandate, as provided for under Chapter 53.3 of the Executive Law of 1972.

As indicated in the methodology segment of this report, all findings conveyed in the report were formally communicated to the Management of the General Services Agency for their responses. Where responses were provided, they were evaluated and incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honorable Speaker and members of the House of Representatives and the Honorable President Pro-Tempore and members of the Liberian Senate to consider the implementation of the Recommendations conveyed herein with urgency.


Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.

Monrovia, October 2014

1.1 Auditor General's Conclusion on the Financial Statements of the General Services Agency for the Fiscal Years 2006/07 to 2011/12

- 1.1.1 The GSA management did not compile expenditure reports for the fiscal years 2006/7 & 2007/8. We could not validate the annual appropriations of US\$556,586.00 and US\$1,420,267.00 respectively disbursed within the two fiscal years. Similarly, for the fiscal year 2011/12, the GSA management received an annual appropriation of US\$1,941,796.00, but did not provide financial statements as prescribed by IPSAS Cash Basis Accounting adopted by the Government of Liberia in 2009 as such, we could not validate the expenditures for the fiscal period.
- 1.1.2 The GSA management failed to maintain and present a Fixed Asset Register (FAR) for the fiscal years under review, 2006/7 to 2011/12, to the audit team. In the absence of the FAR, we could not validate the existence of all GOL's fixed assets for which the Agency is the custodian and manager.
- 1.1.3 The GSA management did not present thirty-one (31) payment vouchers, amounting to US\$429,689.51 to the audit team. The vouchers were required to validate the transactions that covered the periods 2006/7, 2007/8 and 2008/9. The non-presentation of these vouchers contravened Rule 13 of the Financial Rules of 2007.
- 1.1.4 The GSA management did not provide cash books for the fiscal year 2007/08 and as a result, we could not reconcile debit transactions amounting to a total of US\$391,143.92 reported in the Agency's bank statements of account No. 120630001602 for 2007/8 fiscal year. To date, said transactions remain unexplained by the GSA management.
- 1.1.5 The GSA management, on behalf of the Government of Liberia, entered into 198 lease agreements. Of the 198 agreements, 84 were entered into when the terms of said leases had begun before the agreements were legally entered into. The leases which were post-dated ranged from one (1) to thirteen (13) months after the signing of the agreements. We noted that several lessors received in total, an amount of US\$637,914.99 as payment for lease for the months in which the agreements were not operational.
- 1.1.6 The management of GSA procured 118,764.83 gallons of fuel and lubricants during the period under audit. Of the total quantity procured, 39,264.54 gallons of fuel and lubricant valued at US\$149,878.81 was distributed, thus leaving a variance of 79,500.29 gallons valuing US\$291,988.24 yet to be accounted for. The state of the Agency's accountability for fuel and lubricant bought and delivered paints a blurred picture, and is an indication that there could be abuse of fuel and lubricants within the Agency.
- 1.1.7 The GSA management in 2011 initiated a project to construct its regional office, garage, water tower and a generator house in Zwedru, Grand Gedeh County as its

South-Eastern Regional Office at a cost of US\$110,000.00. Our inspection revealed that management only constructed the Regional Office and Garage, leaving out the Generator House and Water Tower. Two of the projects undertaken, the Regional Office and Garage are both in dilapidated state; Furthermore, there was no evidence that the facilities have been utilized for the intended purpose.

- 1.1.8 Based on the audit work performed, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for conclusion. Accordingly, we do not express a conclusion on the available financial transactions and other related records of the General Services Agency for the fiscal years ended June 30, 2007 to June 30, 2012.


Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.

Monrovia, October 2014

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ACRONYMS

ACRONYMS	MEANING
AFP	Audit Focal Person
BOQ	Bill of Quantity
CBL	Central Bank of Liberia
CGMA	Chartered Global Accountant Management
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPA	Certified Public Accountant
DDGA	Deputy Director General for Administration
FAR	Fixed Asset Register
GAC	General Auditing Commission
GOL	Government of Liberia
GSA	General Services Agency
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LCIP/DAI	Liberia Community Infrastructure Program/ Development Alternative Incorporated
LIBTELCO	Liberia Telecommunication Corporation
MIC	Management Internal Control
MOF	Ministry of Finance
PFM	Public Financial Management
PO	Purchase Order
PPC Act	Public Procurement & Concession Act
UNHCR	United Nations High Commission for Refugees

2 EXECUTIVE SUMMARY

2.1 Background

- 2.1.1 The audit of the General Services Agency (GSA) was first commissioned by the then Acting Auditor General, Winsley S. Nanka on 1 March 2012, but was stalled due to the organization's restructuring exercise carried out by the former Auditor General, Robert L. Kilby when he assumed the leadership of the GAC in September 2012. The scope of the audit of the Agency was expanded and re-commenced on 31 January 2013 under the Auditor General's mandate as enshrined in Chapter 53.3 of the Executive Law of 1972, which covered the fiscal years 2006/7, 2007/8 and 2008/9, 2009/10, 2010/11 and 2011/12. The audit was conducted by staff drawn from the GAC.
- 2.1.2 The GSA was created under Chapter 51 of the Executive Law of 1972. Its mandate is to serve as the custodian and manager of all Government-owned and leased lands and buildings; establish policies, rules and regulations relating to the usage and occupancy thereof; maintain and prescribe maintenance standards for such property, enforce those policies, rules and regulations as may be prescribed by Executive Orders; exercise administrative control and supervision over Government's Mobile Equipment and Vehicles and develop standards and specifications for the equipment and vehicles with respect to assignment, repairs and services.
- 2.1.3 The objectives of the audit are to express an opinion/conclusion on the GSA's financial statements/transactions for the fiscal years 2006/7 to 2011/12, as well as the Agency's attainment of its objectives in the areas of management of GOL's housing and real property, mobile equipment, vehicles and data processing. Additionally, reviews were undertaken to address the audit objectives as stipulated under Section 53.7 of the Executive Law of 1972.
- 2.1.4 The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements, as well as plan and perform the audit to obtain reasonable assurance as to whether the GSA's financial statements and its related documents are free from material misstatement, as a result of errors or frauds. In furtherance of that, we adopted risk-based approach in the audit of the GSA's financial records. We reviewed the legal, business and the control environment of the GSA through which risks of material misstatements affecting the Agency's operations were assessed. Audit procedures considered necessary were thus pursued to address the risks identified in GSA's operations.
- 2.1.5 However, the scope of the audit was limited by the Agency's inability to provide some of the documentation needed for purposes of the audit. Although these documents were requested persistently, they were not submitted by the Agency.
- 2.1.6 GSA systems and management controls were only reviewed to the extent we considered necessary for the effective performance of this audit. Therefore, our review

may not have detected all material weaknesses that existed or all improvements that could have been made.

2.1.7 Exceptions noted during the audit were communicated to the GSA management through Audit Observation Memoranda (AOMs). These observations are conveyed in this Auditor General's Report, and where responses have been received on the AOMs, they have been incorporated in this Report.

2.2 Summary of Significant Findings and Recommendations

2.2.1 Operational Issues

2.2.1.1 There was no evidence of an effective Data Processing Bureau at the GSA, which meets the requirements of Section 51.7.2 of the 1972 Executive Law. Section 51.7.2 of the Executive Law requires "the Director of the Bureau shall be responsible for processing data with speed and accuracy for all ministries and agencies by means of electronic or other data processing equipment, for statistical program or administrative processing, and to produce the needed management information for comprehensive programs and administrative systems in which controls and scheduling are essential". Additionally, there was no IT policy in place at the Agency and the GSA management had not developed or obtained a well-defined software or system which would enable the organization to meet one of its statutory responsibilities.

2.2.1.2 GSA's failure to discharge IT functions as mandated in its statute denied the GOL of invaluable IT services. The management should, among others, support the Bureau of Data Processing in meeting its statutory responsibilities - i.e. to build a capacity for processing data with speed and accuracy for all ministries and agencies by means of electronic or other data processing equipment, for statistical program or administrative processing, and to produce the needed management information for comprehensive programs and administrative systems in which controls and scheduling are essential.

2.2.1.3 The GSA management for the fiscal years under review, 2006/7 to 2011/12, failed to maintain and present a Fixed Asset Register (FAR) to the audit team. In the absence of the FAR, we could not validate the existence of all GOL's fixed assets for which the Agency is the custodian and manager.

2.2.1.4 Failure by the management of the GSA to maintain FARs to keep track of all inventory of GoL's fixed assets could lead to the misappropriation of these assets. In the absence of the FARs, effective decision-making on GOL's stocks of fixed assets cannot be undertaken. The GSA management must institute the FARs for its assets as well as assets of other public institutions over which the GSA has the mandate to superintend. At least once a year, reconciliation should be undertaken between the GOL's physical stocks of fixed assets and the FARs.

2.2.1.5 The GSA management for the period 2008 to 2011 initiated a project to construct a regional office, garage, water tower and generator house in Zwedru, Grand Gedeh

County, as the regional office for the South-Eastern Region. Physical verification revealed that the project which cost US\$110,000.00 as indicated on the BOQ obtained from the Bureau of Public Building Maintenance only constructed the regional office and the garage. We noted that the regional office and the garage have been abandoned by the management of the GSA and were found to be in a dilapidated state.

- 2.2.1.6 During our inspection exercise in nine of the fifteen counties, we observed that most of the public lands shown by the local authorities were voluntarily donated to the government by the tribal people to carry out developmental initiatives such as the construction of public offices, schools, health centers, etc. The nine counties in which the physical verification of Government assets was conducted are Bong, Nimba, Grand Gedeh, Sinoe, Grand Bassa, Margibi, Grand Cape Mount, Gbarpolu and Montserrado.
- 2.2.1.7 During the physical verification of the Government assets, we observed seventeen public lands in six of the nine counties, namely Bong County, 245 acres; Grand Cape Mount County, 52 acres; Grand Bassa County, 410 acres; Grand Gedeh County, acreage unknown, Sinoe County, acreage unknown and Monteserrado County, acreage unknown. Our inspection also revealed that these lands have not been surveyed from the time they were given, and as such Government stands the risk of losing portion or all of the lands to private citizens or organizations.
- 2.2.1.8 For the period under audit, the GSA management, on behalf of the Government of Liberia, entered into 198 lease agreements. Of the 198 agreements, 84 were entered into when the terms of said leases had begun before the agreements were legally entered into. The leases which were post-dated ranged from one (1) to thirteen (13) months after the signing of the agreements. We noted that several lessors received in total, an amount of US\$637,914.99 as payment for lease for the months in which the agreements were not yet entered into by concerned parties.
- 2.2.1.9 The GSA management pursuit of these practices would expose GOL to the abuse of its resources. We thus recommended , among others, that all parties to the lease agreements entered into on behalf of GOL, as specified under Section 51.5 of the Executive Law of 1972 (i.e. Director General and the Ministers of Finance and Justice) sign said lease agreements before taking over the property involved. Also, policies and procedures must be instituted and implemented for the leasing of all Government property.
- 2.2.1.10 For the fiscal years under review, GSA undertook routine repairs and maintenance of buildings in nine counties at the cost of US\$1,949,506.00. However, thorough examination of GSA's Annual Report for the calendar years 2008 and 2010 revealed that an amount of US\$200,000.00 was contributed by Liberia Community Infrastructure Program (LCIP)/Development Alternative Incorporated (DAI) for the construction of the Ganta Border Post, while the balance of US\$1,749,506.00 was contributed by the Government of Liberia to carry out repairs and maintenance of

public buildings. We observed that renovation of public buildings was carried out in three counties- i.e. Grand Gedeh, Maryland and River Gee, which amounted to US\$53,245.00, was supported by payment vouchers and Bills of Quantities (BOQs). The other expenditures on repairs and maintenance amounting to US\$1,696,261.00, contributed by GoL were not backed by supporting documentation such as payment vouchers and BOQs.

- 2.2.1.11 The failure of management to provide supporting documentation for repairs and maintenance works undertaken denied assurance that there was due accountability in the discharge of the works. The management of the GSA should be held accountable for the expenditure of the US\$1,696,261.00 incurred during the routine repairs of the GoL's buildings in the six counties, namely: Montserrado, Sinoe, Lofa, Nimba, Bong and Margibi without supporting documentation. Also, the GSA management should ensure that all repairs and maintenance services are supported by payment vouchers and BOQ at all times.

2.2.2 Internal Control-Related Issues

- 2.2.2.1 Factors constituting effective control environment were absent. These include integrity and ethical values maintained and demonstrated by management and staff, management's commitment to competence, the attitude and philosophy of management toward information systems, accounting, personnel functions, monitoring, and audits and evaluations and organizational structure which were all deficient in the Agency. The organizational chart of the Agency was not updated as it included the Bureau of Procurement and Supply, a department whose function had been ceded from the GSA since the enactment of the PPC Act of 2005.

- 2.2.2.2 We were not presented with the Agency's operational and strategic plans for the period under review, though said plans were requested. As a result, we could not obtain assurance that the pursuit of the agency were in accordance with the government's macro-economic policy and fiscal framework. Non-maintenance of effective control environment undermines the attainment of the Agency's objectives, for which it was established.

- 2.2.2.3 We therefore recommended, among others, that GSA Management establishes measures that would constitute effective control environment. Such measures should include integrity and ethical values maintained and demonstrated by management and staff, management's commitment to competence and positive attitude and philosophy of management toward information systems, accounting, personnel functions, monitoring, audits and evaluations.

- 2.2.2.4 Review of the GSA's operations indicated that there was no evidence of control activities pursued by the Agency, as indicated by the absence of approved policies and procedures to guide key processes in areas such as accounting, human resources and other resource utilization operations. Control activities are an integral part of an

entity's planning, implementing, reviewing, and accountability for stewardship of its resources and the achievement of effective results.

- 2.2.2.5 In the absence of control activities, personnel may not be effectively guided in their pursuit of the Agency's operations, thus resulting in errors, irregularity and fraud. It was recommended, among others, that the GSA management developed policies and procedures to guide staff in the recording, reporting and monitoring of operations and information thereon.
- 2.2.2.6 The GSA Management does not have an Internal Audit Unit; instead it has a Management Internal Control Department (MIC). Management claimed that the MIC plays the role of an Internal Audit Unit. The function or role of internal audit is different from that of the management internal control. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal audit helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process whereas, the Management Internal Control (MIC) is responsible to provide reasonable assurance to fulfill the administrative oversight through monitoring, inspection, evaluation and investigative services. GSA's MIC lacked staff with adequate proportion of competence and properly trained and experienced auditors as per minimum requirements set by the International Standards for the Practice of Internal Auditing (Standards). Additionally, MIC's staff did not have unrestricted access to records, assets and all levels of personnel for purposes of its operations.
- 2.2.2.7 The MIC's operations at the GSA denied assurance that risks are appropriately identified and mitigated; significant financial, managerial, and operating information is accurate, reliable, and generated timely; employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations and Resources are acquired economically, used efficiently, and are adequately protected. The GSA Management should, in consultation with the Internal Audit Agency among others, acquire competent and skilled personnel to strengthen the MIC and establish an Internal Audit Unit within the Agency as required under Regulation J.3, PFM Regulations of 2009.
- 2.2.2.8 The GSA Management did not institute and implement an internal audit charter for its Management Internal Control (MIC) for the period under audit. The MIC did not provide us its annual plans. If there were any, they were not presented for the periods under audit. There was no evidence that the MIC performed any audits relevant to its scope of operations for the period under review. MIC could not provide any evidence that it compiled reports on its operations for the periods under review.
- 2.2.2.9 The non-institution and implementation of an internal audit charter for the MIC could lead to non-definition of scope, responsibilities and purposes of the MIC's functions. Its failure to adequately perform its functions could signal its inability to enhance

management functions in attaining its objective in an efficient and effective manner. The management of the General Service Agency, in consultation with the Internal Audit Agency, must establish and implement an internal audit charter and create an Internal Audit Unit with its relevant functions. The MIC should prepare annual plan for all internal audit activities within the Agency and should also develop internal audit report for all engagements undertaken.

2.2.2.10 The GSA Management had no documented and approved risk management policy and risk assessment procedures to identify control weaknesses within the Agency's operations. Additionally, the management has not identified relevant risks to achieve its objectives and as such, management did not have the basis for determining which risks are most critical to its operations, with the view to mitigating said critical operating risks.

2.2.2.11 As a result of the absence of a risk management policy at the Agency, the goals of the GSA may not be achievable. The GSA management must, among others, establish a risk management policy and perform risk assessment procedures in order to identify and manage risk that would negatively impact the Agency's ability to achieve its objectives.

2.2.2.12 The GSA management did not ensure the preparation of bank reconciliation statements for the bank accounts operated by the Agency for the fiscal years 2006/07 to 2011/12. A communication from the GSA management, through its Chief Accountant, dated March 7, 2013 confirmed this finding.

2.2.2.13 The GSA Management's omission constitutes a violation of Regulation H.1 (i), PFM Regulations, which require the monitoring of bank balances and major cash movements to ensure that they are managed in an efficient manner. The omission implied that there was the likelihood that fraud and errors involving management of cash may not be identified and prevented. The GSA Comptroller must ensure that reconciliation statements for all bank accounts operated by the Agency are prepared monthly and that these statements are reviewed by a responsible officer, who certifies the reconciliation statements. The Comptroller should approve the statements thereafter.

2.2.3 Financial Issues

2.2.3.1.1 The GSA management did not compile expenditure reports for the fiscal years 2006/7 & 2007/8, and financial statements as prescribed by IPSAS Cash Basis Accounting and the PFM Act 2009 for the fiscal year 2011/12. We could not validate the annual appropriations of US\$556,586.00 and US\$1,420,267.00 respectively disbursed within the two fiscal years. Similarly, for the fiscal year 2011/12, the GSA management received an annual appropriation of US\$1,941,796.00, but did not provide financial statements as required by the PFM Act 2009 and as such, we could not validate the expenditures for the fiscal period.

- 2.2.3.2 The failure by the GSA management to prepare financial statements for funds that have been entrusted to its care denies assurance that the funds were used for the intended purposes. The omission also deprives policy makers and the relevant oversight authorities of the basis to evaluate the Agency's financial performance, position and cash flows at the end of a fiscal year. Henceforth, the GSA Management must comply with Regulation I.11, PFM Regulations, 2009, and GoL's policy on the adoption of IPSAS, in the compilation of annual financial statements for each fiscal year. Management should also ensure that for purposes of fiscal and financial accountability, financial statements prepared are annotated with appropriate notes. Management must compile expenditure reports for the fiscal years 2006/07, 2007/08 and financial statements for the fiscal year 2011/12 and must be submitted to the Auditor General for validation.
- 2.2.3.3 The GSA management did not present thirty-one (31) payment vouchers, amounting in value to US\$429,689.51, to the audit team. The vouchers were required to validate the transactions involved. Particulars of the payment vouchers were derived from the agency's budget execution ledger for the periods 2006/7, 2007/8 and 2008/9. The non-presentation of the vouchers contravened Rule 13 of the Financial Rules of 2007.
- 2.2.3.4 Disbursements made in the absence of payment vouchers denied assurance that they were legitimate, undermining accountability and transparency. The Director General, Willard A. Russell I, Deputy Director for Administration, Richard B. Fallah and the Comptroller, Stephen B. Suah must account for the thirty one (31) payment vouchers with face value of US\$429,689.51, which were not provided to the audit team.
- 2.2.3.5 Cash position, as reported by the Agency at the close of the 2009/10 fiscal year, was US\$3,544. However, this was reported as US\$446 at the beginning of the fiscal year 2010/11, thus producing a variance of US\$3,098 to be accounted for at the close of 2010/11 fiscal year. The understatement of the cash position at the end of a fiscal year could give rise to misapplication of GoL's resources. The Comptroller, Stephen B. Suah and Chief Accountant, Lucky B. Payne should account for the variance of US\$3,098.00 (three thousand ninety eighty united states dollars) brought about by the understatement of the beginning Cash balance for 2010/11.
- 2.2.3.6 In the fiscal year 2009/10, the GSA Management received US\$11,000.00 from the UNHCR for the renovation of the presidential residence in Voinjama. The amount received was not paid into the Consolidated Fund as required by Regulation G.3 (a), PFM Regulations. Instead, the fund received was paid into GSA's account as evidenced by 2009/10 Financial Statements. Management did not provide or maintain supporting documents, such as checks, receipts, cash book transactions etc. to authenticate the amount provided by the UNHCR, a requirement of Regulation G.3(g,h), PFM Regulations.

- 2.2.3.7 Failure by the GSA management to provide supporting documents and expenditure report on the grant provided by the UNHCR denied assurance that the funds received were used for the intended purpose. The agency's management should ensure that moneys received for specified projects should be paid into the Consolidated Fund and such funds shall be released when required, to the appropriate project bank account. The agency's management should provide documentation supporting the disbursement of the US\$11,000.00.
- 2.2.3.8 The GSA management could not provide cash books for the fiscal year 2007/08. As a result, we could not reconcile debit transactions amounting to a total of US\$391,143.92 reported in the Agency's bank statements of account No. 120630001602 for 2007/08 fiscal year. To date, these transactions remain unexplained by the GSA management.
- 2.2.3.9 The GSA management's failure to maintain supporting documentation on its transactions during 2006/07 denied assurance that said transactions were legitimate. The Director General, Willard A. Russell I, Deputy Director General for Administration, Richard B. Fallah and Comptroller, Stephen B. Suah should account for the transactions which amounted to US\$391,143.92.

2.2.4 **Administrative Issues**

- 2.2.4.1 GSA procured a total of 118,764.83 gallons of fuel and lubricants for the periods under audit, 39,264.54 gallons of the fuel and lubricant worth US\$149,878.81 was distributed, thus leaving a variance of 79,500.29 gallons valued at US\$291,988.24 yet to be accounted for. The state of the Agency's accountability for fuel and lubricant bought and delivered paints a blurred picture, and is an indication that there could be abuse of fuel and lubricants within the Agency. We recommended among others that for the fiscal periods 2006 to 2010, the Director General, Willard A. Russell I, Deputy Director General for Administration, Richard B. Fallah, comptroller, Stephen B. Suah and Director of Procurement, Emmett E. Hayes and for the fiscal period 2011/12, the Director General, G. Alphonso Gaye, Deputy Director General for Administration, Alexander S. Kromah, Deputy Director General for Operations, Augustus E. Majors, Comptroller, Stephen B. Suah and Director of Procurement, Emmett E. Hayes be made to account for the 79,500.29 gallons of fuel and lubricant valued at US\$291,988.24, which could not be accounted for.
- 2.2.4.2 Five of the entities that provided press and publication services to the GSA in the tune of US\$18,831.00 did not have tax clearances and valid business registrations. In some instances, the business registration and tax clearance certificates attached to payment vouchers in respect of their claims were all expired or outdated, yet, the GSA management, in contravention of Financial Rules #27 & 28, permitted those entities to provide services.
- 2.2.4.3 In the absence of a valid business registration certificate, current tax clearance and the required quotation, the GSA management risks transacting with bogus or illegal

vendors. Transactions with bogus entities by the agency's management could lead to loss of revenue to the government. Management must strictly comply with the requirements of the Financial Rule #27 & 28. Also, the Director General, Willard A. Russell I, Deputy Director General for Administration, Alexander S. Kromah, Comptroller, Stephen B. Suah and Procurement Director, Emmett E. Hayes must provide the required documents such as tax clearances, business registrations of the defaulting entities supporting the US\$18,831.00 paid for press & publication services.

2.2.4.4 The GSA management hired the services of the Liberia Telecommunications Corporation (LIBTELCO) for US\$10,457.25 to provide reconnection services and equipment to the Agency. In doing so, management did not adhere to the provisions of the PPC Act of 2010, and its Regulations in selecting LIBTELCO. We noted that no request for quotation for the services was issued by GSA to prospective service providers. Also, no communication was issued to the PPCC on the contract award for publication, as required under Section C.9, PPC Regulation # 3: Regulation on the Schedule of Threshold for procurement; there was no Purchase Order issued by the GSA's Acting Director General, Augustus E. Majors for the provision of said services and we could not also sight evidence of evaluation of quotations for the provision of the services.

2.2.4.5 The GSA management's failure to comply with provisions of the PPC Act and its Regulations constitutes a significant violation and denied assurance that value for money was derived by the Agency in the provision of said services. The Acting Director General, Augustus E. Majors, Deputy Director General for Administration, Alexander S. Kromah, Comptroller, Stephen B. Suah and Procurement Director, Emmett E. Hayes must provide substantive justification for their failure to comply with the requirements of the PPC Act and its Regulations in the award of the contract of services to LIBTELCO. Also, the GSA management must in all procurement activities ensure strict adherence to the provisions of the PPC Act and its Regulations.

2.2.4.6 The GSA management awarded two contracts for printing services to the Dolobah Printing, which indicated breach of the requirements of Section 40(3), PPC Act. Section 40(3) of the Act stipulates that "a Procuring Entity shall not divide a procurement order into parts or lower the value of a procurement order to avoid the application of the procedures for public procurement as prescribed in this Act". The two printing services were awarded on June 8th and 9th, 2009 and involved a total amount of US\$10,132.00, which under the PPC Act would have required that procedures relating to the procurement of services above the threshold of US\$10,000 should have been applied.

2.2.4.7 The GSA management's pursuit of the practice observed carries a risk that the procurement process undertaken would not be competitive and therefore value for money was not derived. Management should, among others, provide justification as to why the procurement process was divided into parts, when in fact the service was provided by the same entity simultaneously.

3 ACKNOWLEDGEMENT

- 3.1 We acknowledge the cooperation and assistance provided to the GAC Audit Team by the Management and staff of the GSA during the periods of the audit. The efforts and commitment of GAC staff in conducting this audit are also gratefully acknowledged.


Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.

Monrovia, October 2014

4 ACCOUNTABILITY STATEMENT

- 4.1 Overall, both financial and administrative activities undertaken by the GSA Management during the periods under review were characterized by a number of financial irregularities and control deficiencies. The financial irregularities noted amounted to US\$5,171,018.44 and involved untraceable transfer, unseen payment vouchers, variance noted in ending and beginning balances, unsupported grant, unsupported debit transaction, variances noted in fuel and lubricant procured, limited cash book transactions, invalid business registration and tax clearance, procurement divided into parts, services provided in the absence of bidding, renovation not backed by supporting documents, no job completion report, private leases entered into by the GoL and unaccounted for payment vouchers for motor vehicles and bikes. Details of these irregularities are provided in Accountability Statement Attached.

ACCOUNTABILITY STATEMENT

No.	Responsible Officer	Position	Issues	Amount (US\$)	Total (US\$)	Reference: Detailed Report Pgs. 79-82
A. Operational Issues						
1.	Willard A. Russell I, Alexander B. Kromah, Augustus E. Majors and Stephen B. Suah.	Director General, Deputy Director General Administration, Deputy Director General Operations and Comptroller	Renovation not backed by supporting documents for the period 2009/2010	1,696,261.00	1,696,261.00	1.8.1.2.5
2.	Willard A. Russell I, Richard B. Fallah, Augustus E. Majors and Stephen B. Suah.	Director General, Deputy Director General Administration, Deputy Director General Operations, Comptroller & Procurement Director	No Job Completion Report during fiscal period 2006/2007	42,922.00	42,922.00	1.8.1.3.4
3.	Willard A. Russell I, and Peter A. Smith	Director General and Director of the Bureau of Real Estate and Public Property	Private Leases post-dated thereby causing GoL to lose revenue during the fiscal periods 2006/07, 2007/08, 2008/09 and 2009/10.	417,040.33	417,040.33	1.8.1.5.5
4.	G. Alphonso Gaye and Peter A. Smith	Director General and Director of the Bureau of Real Estate and Public Property	Private Leases post-dated thereby causing GoL to lose revenue during the fiscal period 2010/2011.	42,402.00	42,402.00	1.8.1.5.5

No.	Responsible Officer	Position	Issues	Amount (US\$)	Total (US\$)	Reference: Detailed Report Pgs. 79-82
5.	Pearine Davies Parkinson and Peter A. Smith	Director General and Director of the Bureau of Real Estate and Public Property	Private Leases post-dated thereby causing GoL to lose revenue during the fiscal period 2011/2012.	178,472.66	178,472.66	1.8.1.5.5
6.	Willard A. Russell I, Richard B. Fallah and Stephen B. Suah.	Director General, Deputy Director General Administration, & Comptroller	Unseen Vouchers for Motor Vehicle, Bike Procurement for the periods 2006/07, 2007/08 & 2008/09	154,487.73	154,487.73	1.8.1.9.3
B. Financial Issues						
7.	Willard A. Russell I, Alexander S. Kromah & Stephen B. Suah	Director General, Deputy Director General Administration, & Comptroller	Untraceable transfer on June 11, 2009	86,388.00	86,388.00	1.8.3.2.9
8.	Willard A. Russell I, Alexander S. Kromah & Stephen B. Suah	Director General, Deputy Director General Administration, & Comptroller	Untraceable transfer on June 11, 2009 for GoL Special operation	20,000.00	20,000.00	1.8.3.2.10
9.	Willard A. Russell I, Richard B. Fallah and Stephen B. Suah.	Director General, Deputy Director General Administration, & Comptroller	Unseen Payment Voucher for the fiscal periods 2006/07, 2007/08 & 2008/09	429,689.51	429,689.51	1.8.3.3.7
10.	Stephen B. Suah & Lucky B. Payne	Comptroller & Chief Accountant	Variance noted in Ending & Beginning balances in	3,098.00	3,098.00	1.8.3.4.6

No.	Responsible Officer	Position	Issues	Amount (US\$)	Total (US\$)	Reference: Detailed Report Pgs. 79-82
			2010/2011 Financial statement			
11.	Willard A, Russell I, Alexander S. Kromah and Stephen B. Suah	Director General, Deputy Director General Administration, & Comptroller	Unsupported Grant provided by UNHCR as mentioned in 2009/2010 financial statement.	11,000.00	11,000.00	1.8.3.5.5
12.	Willard A. Russell I, Richard B. Fallah and Stephen B. Suah.	Director General, Deputy Director General Administration, & Comptroller	Unsupported debit transactions during fiscal period 2007/2008	391,143.92	391,143.92	1.8.3.6.5
13.	Willard A. Russell I, Richard B. Fallah and Stephen B. Suah.	Director General, Deputy Director General Administration, & Comptroller	Unsupported transactions noted on bank statements during fiscal year 2006/2007	1,366,704.80	1,366,704.80	1.8.3.7.5
C. Administrative Issues						
14.	Willard A. Russell I, Richard B. Fallah, Stephen B. Suah and Emmett E. Hayes	Director General, Deputy Director General Administration, Comptroller & Procurement Director	Variance of 65,450.53 gallons of fuel and lubricant noted for the periods 2006/07, 2007/08 & 2008/09.	232,764.00	232,764.00	1.8.4.1.5
15.	Willard A. Russell I, Richard B. Fallah, Stephen B. Suah and Emmett E. Hayes	Director General, Deputy Director General Administration, Comptroller & Procurement Director	Variance noted of 3,295 gallons of fuel and lubricant for the period 2009/2010	11,505.20	11,505.20	1.8.4.1.5

No.	Responsible Officer	Position	Issues	Amount (US\$)	Total (US\$)	Reference: Detailed Report Pgs. 79-82
16.	Alphonso Gaye, Alexander S. Kromah, Augustus E. Majors, Stephen B. Suah and Emmett E. Hayes	Director General, Deputy Director General Administration, Deputy Director General Operations, Comptroller & Procurement Director	Variance noted of 10,754.75 gallons of fuel and lubricant for the period 2011/2012	47,719.04	47,719.04	1.8.4.1.5
17.	Willard A, Russell I, Alexander S. Kromah, Stephen B. Suah and Emmett E. Hayes	Director General, Deputy Director General Administration, Comptroller & Procurement Director	Invalid Business Registration and tax clearance for the period 2008/2009	18,831.00	18,831.00	1.8.4.3.6
18.	Willard A. Russell I, Alexander S. Kromah, Stephen B. Suah and Emmett E. Hayes	Director General, Deputy Director General Administration, Comptroller & Procurement Director	Procurement Divided into parts on June 8th & 9th, 2009	10,132.00	10,132.00	1.8.4.4.7
19.	Augustus E. Majors, Alexander S. Kromah, Stephen B. Suah & Emmett E. Hayes	Acting Director General, Deputy Director General Administration, Comptroller & Procurement Director	Services provided by LIBTELCO in the absent of bidding for period 2011/2012	10,457.25	10,457.25	1.8.4.5.6
Total					US\$5,171,018.44	