



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On The Audit of Grand Kru
County Administration Funds**

**For the Period July 1, 2014
to June 30, 2015**



June, 2017

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

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
BEP	Bid Evaluation Penal
CBL	Central Bank of Liberia
CDF	County Development Fund
CGMA	Certified Global Management Accountant
COSO	Committee of Sponsoring Organizations
CPA	Certified Public Accountant
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
GSA	General Services Agency
INTOSAI	International Organization of Supreme Audit Institutions
L\$	Liberian Dollars
LBDI	Liberia Bank for Development & Investment
LBR	Liberia Business Registry
PFM Act	Public Finance Management Act
PMC	Project Management Committee
PPC Act	Public Procurement Concessions Act
PPCC	Public Procurement and Concessions Commission
SDF	Social Development Fund
TOR	Terms of Reference
US\$	United States Dollar
ISSAIs	International Standards of Supreme Audit Institutions

Compliance Report on the Grand Kru County Administration Funds for the Period July 1, 2014 to June 30, 2015

We have audited the activities and financial transactions of the Grand Kru County Administration Funds in compliance with relevant laws and regulations for the periods ended June 30, 2015 **consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014** as well as the Audit Engagement Terms of Reference (ToR)

Management's Responsibility

Management is responsible for the preparation of financial records in accordance with the terms of local agreement and stated laws and regulations.

This audit was conducted on the basis or understanding that the Management of the Grand Kru County Administration has the responsibility to establish and maintain internal controls necessary to:

- Enable it undertake its contracts award, goods delivery, projects execution, evaluation and reporting in an effective and efficient manner as well as the preparation of documentation on the procurement/projects that are free from material misstatements whether due to fraud or error and in compliance with authorities that govern them;
- Provide reasonable assurance that adopted policies and prescribed procedures are adhered to and errors and irregularities, including fraud and illegal acts are prevented or detected; and to provide us with access to the following:
- All information of which the Grand Kru County Administration is aware of and that is relevant to its contracts award, goods delivery, projects execution, evaluation and reporting as well as their related documentation;
- Any additional information that we may request from Administration for the purposes of the review; and
- Unrestricted access to persons within the County Administration from whom we determine it necessary to obtain review evidence.

Auditor's Responsibility

Our responsibility is to independently express a conclusion on the financial records of the Grand Kru County Administration Funds based on our audit. Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), Fundamental Auditing Principles (FAP) and Guidelines for Compliance Audit (GCA). Those principles require that we comply with ethical requirements and plan and perform the audit so as to obtain reasonable assurance as to whether the use of Grand Kru County Administration Funds are in compliance, in all material respects, with stated laws and regulations.

An audit involves performing procedures to obtain sufficient appropriate evidence to support our conclusion. The procedures performed depend on the auditor's professional judgment, including

assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those we believe are appropriate in the circumstances. We believe that the audit evidence gathered is sufficient and appropriate to provide the basis for our conclusion

Basis for Adverse Conclusion

The Grand Kru County Administration did not perform any bank reconciliation for the period under audit. Due to the absence of bank reconciliation, we could not confirm that the cash and bank balances that should have been recorded were actually recorded and disclosed.


The Grand Kru County Administration did not withhold and remit into Government of Liberia Revenue Accounts the amounts of **US\$514.25** (Five Hundred fourteen dollars and twenty five cent) representing taxes from various vendors for procurement of goods, services, and works for the periods under audit.

The actual payments made to contractors/vendors for various projects/ or programs exceeded the approved county resolution/budget by **US\$49,645.77** (Forty Nine Thousand, Six Hundred Forty-five United States Dollars and Seventy-Seven Cents). There was no evidence of a county resolution authorizing the additional payments.

The Grand Kru County Administration made payments of **US\$ 12,016.50** (Twelve Thousand Sixteen United States Dollars and Fifty Cents) to several individuals rather than the service providers. We could not confirm that the payments were received by the intended beneficiaries because there was no documentary evidence to support the transfers of these payments.

Adverse Conclusion

Based on the audit work performed, we found that, because of the significance of the matters noted in the Basis for the Adverse Conclusion paragraphs above, the activities and financial transactions of the Grand Kru County Administration are not in compliance, in all material respects, with stated laws and regulations.


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

Monrovia, Liberia
June, 2017

BACKGROUND

Background of the Grand Kru Administration Audit

The Auditor General of Liberia was request by the Minister of Internal Affairs to conduct a full audit of the Grand Kru County Administration Funds for periods July 1, 2012 to June 30, 2015. The Audit was commissioned by the Auditor General (AG) on June 17, 2016.

The Grand Kru County Administration, for the period audited, had available in its account US\$ **453,364.23**, to fund activities for the period. In the same period, the county disbursed US\$ **272,993.29** for projects and programs approved by the Grand Kru County Development Council thus, resulting to a carry forward of US\$ **180,370.00**. (Refer to table 1).

Table 1: Schedule of Revenue Receipts & Expenditure

Date	Source	Bank Statement	Amount US\$
June 30, 2014	CDF/SDF – Balance Brought forward	Beginning Balance	227,864.23
July 25, 2015	CDF 2014/2015	-	200,000.00
Feb.25-Dec.31 2015	Equipment Rental Fees	-	24,500.00
2014/2015	Scrap sale (GSA) GOL	-	500.00
2014/2015	Guest house rental (MIA) G/K/C		500.00
Total Receipts			US\$453,364.23
Expenditure			
Administrative			131,412.82
Projects/ Programs			141,580.47
Total			US\$272,993.29
C/F			US\$180,370.94

Grand Kru County has the following personnel who handled the administrative and financial affairs of the county for the period under audit.

Table 2: Key Personnel

No	Name	Position	Tenure
1	Hon. Elizabeth N. Dempster	Superintendent	2011-Present
2	Hon. T. Michael Wisseh	Assistant Superintendent/Development	2011-Present
3	Hon.J. Tehnecio Wiah Sr.	Chairman, Project Management Committee	2013-Present
4	Hon. E. Nyewoti Wollor	Treasurer/Chairman, Project Management Committee	2014-Present

Audit Objectives

The main objective of the audit is to gather sufficient appropriate audit evidence to conclude whether the activities and financial information of the Grand Kru County Administration for the period July 1, 2014 to June 30, 2015 are in compliance, in all material respects with policies, procedures, applicable laws, regulations, and are free of material errors.

Audit Methodology

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial information provided by the Management of the Grand Kru County Administration is in compliance, in all material respects with policies, procedures, applicable laws, regulations, and are free of material errors. In furtherance of this, we undertook audit procedures as would enable us to attain the above objective.

Our audit also took cognizance of the requirements under the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014 well as the Audit Engagement Terms of Reference (TOR). Our audit approach included observation, inquiries, inspections, re-performance, confirmation, and analytical procedures on areas we considered as high risk.

While the audit was not directed at reporting the following, we have reported on the below issues which came to our attention during the course of the audit:

- Non- effective performance of the program - relates to **Management's** responsibility to undertake activities in a non-effective and non-efficient manner.
- Non-delivery of goods and services – **relates to Management's non-exercise** of responsibility to ensure that all goods and services procured are delivered.
- Instances of non-compliance with applicable laws and regulations - relates to **Management's non-exercise** of responsibility to use resources, and fulfil accountability requirements, in accordance with applicable agreements, laws and regulations governing contracts award, goods and service delivery, projects execution, evaluation and reporting.
- Waste – **relates to Management's non-exercise** of responsibility to obtain and apply resources in an economical manner, without any public money being wasted.
- Instances of abuse- **relates to Management's non-** exercise of responsibility to meet the expectations of the National Legislature and the public as they relate to appropriate standards of behavior.

Limitation of Responsibility

We reviewed the systems and management controls operated by the Grand Kru County Administration only to the extent we considered necessary for the effective conduct of this audit. As a result, our review may not have detected all weaknesses that existed or all improvements that could be made.

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Bank Reconciliation

Observation

1.1.1.1 Regulation R.3(6) of the PFM Act of 2009 states that "the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof."

1.1.1.2 It was observed during the conduct of the audit that the Grand Kru County Administration did not perform any bank reconciliations for the FY2014/2015 period under audit.

Risk

1.1.1.3 Failure to prepare bank reconciliations could lead to untimely detection of errors or omissions in the financial activities of the County.

Recommendation

1.1.1.4 The County Administration should ensure that all bank reconciliations statements are prepared on time, signed by designated staff, reviewed and approved by a superior officer on a monthly basis.

Management Response

1.1.1.5 *We acknowledge the finding. During the period under-review the County Administration did not have any professional staff, like an Accountant within the system that had the capacity and ability to perform periodic bank reconciliation. Those elected on Project Management Committee (PMC) as Chairman, Treasurer and Comptroller all lacked the basic knowledge of bookkeeping. With the appointment of Grand Kru County Fiscal Affairs Superintendent hereafter bank reconciliation will be enforced.*

Auditor General's Response

1.1.1.6 We acknowledge Management's acceptance of the recommendation. However, Management is in breach of Regulation A20 of the PFM Act of 2009.

1.1.2 Withholding Taxes

Observation

1.1.2.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 stipulates "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".

1.1.2.2 It was observed during the conduct of the audit that the Grand Kru County Administration did not withhold and remit into Government of Liberia Revenue Accounts the amounts of **US\$4,644.14** (Four Thousand Six Hundred and Forty Four United States Dollars and fourteen Cents) representing taxes from various vendors for procurement of goods, services, and works. **Refer to Table 1 for details.**

Table 1: Unremitted GOL Withholding Taxes – 4%

Date	Transaction Details	Payee	Voucher #	Ck #	Payments (US\$)	Tax Amount (US\$)
9-Jul-14	Payment for the construction of 8pcs line reinforced concrete pipe culvert on Big Suehn Filoken road.	Mentee Padmore	364	2632329	8,333.50	333.34
17-Dec-14	Payment for 15 MIA staff incentives and 8 part-time workers for the period June-Dec, 2014	Alexander J. Weah	441	77020	7,871.50	314.86
12-Dec-14	Payment for the balance 30% for the construction of the Bolloh Administrative building.	Joseph T. Taylor const. comp.	432	77013	7,850.08	314.00
9-Jul-14	Payment for the backfilling of double 1500mm of 8pcs line reinforced concrete pipe culvert on Big Suehn Filoken road.	Mentee Padmore	365	2632330	7,315.00	292.6
27-Mar-14	Construction of 2 concrete pipe culvert 600mm on George Bush bridge road	SSF Ent	267	2632249	6,737.94	269.5
7-Mar-14	Construction of concrete pipe curvet on Big Sueh - Floken road	SSF Ent	244	2632230	8,333.50	333.34
9-Jul-14	Payment for the construction of 8pcs line reinforced concrete pipe culvert on Big Suehn Filoken road.	Mentee Padmore	364	2632329	8,333.50	333.34
	Total					2,190.98

Risk

1.1.2.3 Failure to remit withholding taxes could deny government of the needed Tax Revenue.

Recommendation

1.1.2.4 The Grand Kru County Administration should ensure that all applicable taxes are withheld and remitted timely to GOL Revenue Account. Additionally, the associated interest and penalties should be computed and remitted to GOL Account.

Management's Response

1.1.2.5 *In response to the findings, GKCA did have in its possession a copy of the revenue code 2000 for understanding and implementation; in addition GKCA does not have the*

professionals to understand, interpret, implement and execute this tax law, for procurement of goods, services, and works.

- 1.1.2.6 *Notwithstanding, the assigned Revenue Collector was often contacted to provide guidance as to how the taxes would be applied and he shared with the County Administration a copy of the Liberia Revenue Code of 2000 as Amended 2011. Hence, GKCA did not deduct taxes for voucher numbers: 321 & 323.*
- 1.1.2.7 *In the same vain, Grand Kru County Administration was advised to deduct 4% taxes on labor cost for contracts awarded. As such 4% taxes was deducted on the voucher #: 432 in the tune of US\$493.75 (Four Hundred Ninety-three United States Dollars & 75/100). Please see attached exhibit*
- 1.1.2.8 *Also, taxes were deducted for the 15 MIA staff incentives and 8 part-time workers for the period June – December 2014 in the tune of US\$787.15 (Seven Hundred Eighty-Seven United States & 15/100). Please see attached exhibit*
- 1.1.2.9 *Regrettably, Grand Kru County Administration during the period under review issued and reissued several taxes remittance checks that remained in her possession until they expired due to the delay of the Revenue Agent to sign for revenue checks for onward deposit into GOL's account. With the appointment of the Assistant Superintendent for Fiscal Affairs all taxes deducted will be remitted timely. Please see attached exhibit*

Auditor General's Position

- 1.1.2.10 We acknowledge the unremitted withholding taxes calculation at 4%. The Management of the Grand Kru County Administration paid US\$ 5,594.54 on 11 July 2016 against unremitted withholding of US\$2,108.18 for FY 2012/2013, US\$1,809.63 for FY 2013/2014 and US\$2,190.98 for FY 2014/2015.
- 1.1.2.11 Therefore, the County Administration has a balance of (US\$6,108.79-US\$5,594.54) US\$514.25 of unremitted withholdings to be paid to the Liberia Revenue Authority.

1.2 Compliance Issues

1.2.1 Actual Payments vs County Resolution

Observation

- 1.2.1.1 Regulation E.16 (1) of the PFM Regulation of 2009 States that "a head of government agency may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities."
- 1.2.1.2 It was observed during the conduct of the audit that actual payments made to contractors/vendors for various projects and/ or programs exceeded the approved county resolution/budget by **US\$49,645.77** (Seventy Eight Thousand, One Hundred Forty Nine United States Dollars Ninety cents). **Refer to appendix 1 for details.**

Risk

- 1.2.1.3 Payments in excess of the approved budget thresholds or County's resolution could undermine the objectives of the county's development agenda.

Recommendation

- 1.2.1.4 The Grand Kru County Administration should provide justification for exceeding the approved budgeted thresholds set by the Development Council for each project and/or program.

Management's Response

1. Support to Voice of Grand Kru Radio Station:

- 1.2.1.5 *County Resolution FY2013/2014 balance brought forward US\$3,546.50; while Resolution FY2014/2015 amounts to US\$3,000.00 totaling US\$6,546.50 as beginning balances for Voice of Grand Kru Radio Station. During the period under reviewed, US\$5,725.50 was spent leaving the balance of US\$821.00. Please note that the voucher #: 525 in the tune of US\$4,820.00 was paid and appropriated in "Outstanding Obligations" during the 9th County Council sitting.*

2. PMC/PMT & County Adm. Supervision

- 1.2.1.6 *County Resolution FY2014/2015 amounts to US\$13,000.00; of this amount US\$11,795.62 was spent leaving the balance of US\$1,204.38. Please note that voucher #: 445 in the tune of US\$1,500.00 paid as recognition and appreciation for the former PMC members was raised against "Reserved for Contingency".*

3. Administrative Support (County Administrative)

- 1.2.1.7 *Administrative Support (County Administrative) actual expenditure of US\$43,602.57 for FY2014/2015 of this amount previous resolution appropriation were brought forward and other budgeted amounts were all placed in this category due to the co-hosting of the 168th Independence Celebration by the County. Please see indicated below appropriated the sources combined totaling US\$46,162.74:*

- a) *FY 2013/2014 balances brought forward...US\$25,656.13 (Reserved for contingency, administrative support – county, district & chiefdoms)*
- b) *FY 2014/2015 allotment...US\$10,000.00 (Special Independence)*
- c) *FY 2014/2015 allotment ... US\$7,000.00 (Administrative/ Traditional Communities Support)*
- d) *FY 2014/2015 allotment ... US\$3,506.61 (Contingency)*

4. Support to youth and children parliament

- 1.2.1.8 *County Resolution FY2013/2014 allotted US\$2,000.00 as support to youth and children parliament and County Resolution FY2014/2015 appropriated US\$500.00 totaling US\$2,500.00. Of the total amount, US\$1,500.00 was expended during the period under review leaving the balance of US\$1,000.00 for youth and children parliament support.*

5. Support to Sports

- 1.2.1.9 *County Resolution FY2012/2013 brought forward US\$7,491.00 and FY2013/2014*

appropriated US\$6,000.00 totaling US\$13,491.00 of this amount US\$10,375.00 was spend leaving the balance of US\$3,116.00; while FY2014/2015 allotted US\$5,000.00 totaling US\$8,116.00 as beginning balances for Grand Kru Sports Association for the audit period. We acknowledged that the total of US\$9,995.50 expended for sports association exceeded US\$8,116.00 due to the Independence Celebration co-hosted by Grand Kru County which included sporting activities.

Auditor General's Position

- 1.2.1.1 The Grand Kru County Administration did not provide any documentation to back up its assertions. The Grand Kru County Administration should ensure that an emergency County Stakeholders/Caucus meeting is convened to approve amendments and changes previously approved in County Resolutions Budget in order to avoid over spending.

1.2.2 **Payment to Third party**

Observation

- 1.2.2.1 **Regulation B.28 of the PFM Act of 2009 states that "A payment shall be made only to the person or persons name on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."**

- 1.2.2.2 It was observed during the conduct of the audit that the Grand Kru County Administration made payments of US\$ 12,016.5 (twenty thousand five hundred and fifty eight dollars and ninety three cents) to several individuals rather than the service providers.

- 1.2.2.3 Additionally, we could not confirm that payments were made to the second party because there was no documentary evidence to support the transfer of these payments to the second party. **Refer to Appendix 2 for details.**

Risk

- 1.2.2.4 Checks raised in the names of employees and or third party for procurement of goods and services could be diverted to personal use thus leading to misappropriation of funds.

Recommendation

- 1.2.2.5 The Grand Kru Administration should provide substantive justification for authorizing payments in the names of individuals who did not directly provide goods and services.
- 1.2.2.6 Going forward, the county administration should refrain from making payments to individuals and/ or employees who did not directly provide goods and services to the county.

Management's Response

- 1.2.2.7 *The Grand Kru County Administration acknowledged payments to third party in the tune of US\$12,016.50 (Twelve Thousand Sixteen United States Dollars & 50/100). These payments were made in the name of individuals who did not directly provide goods and services but were the most trustful individuals.*

- 1.2.2.8 *William Kpangbah, served as the Coordinator of Grand Kru County Sports Association.*
- 1.2.2.9 *Roosevelt S. Doe, served as the County Budget Officer. As Budget Officers, these payments were raised in his favor so that a representative from the County Administration could easily travel to and fro Pleebo to encash checks using motorbike minimum cost is L\$6,000.00 to and fro. In most instances when checks are raised in favor of individuals, the difficulties and high cost of travelling from Barclayville – Pleebo often posted major constraints. Also, during the co-hosting of July 26 Independence Celebration by Grand Kru, an amount was raised in preparation for the successful hosting. Most food items purchased, like cattle, other staff where sent in the villages in such of those animal, following negotiations the owners were encouraged to come to Barclayville with their cattle to delivery and receive payments through the Budget Officer who then served as Custodian or Petty Cashier, receipts were issued by the owners of the cattle and other local items.*
- 1.2.2.10 *Grand Kru County Administration acknowledged the finding, with the appointment of Assistant Superintendent for Fiscal Affairs the GKC Administration will ensure that all subsequent payments will be made directly to the second person.*

Auditor General's Position

- 1.2.2.11 **The Grand Kru County Administration's assertion that "These payments were made in the name of individuals who did not directly provide goods and services but were the most trustful individuals" does not negate management from obtaining the necessary documents such as receipt, logs to support the transactions. The Management is in breach of Regulation A20 of the PFM Act of 2009.**

1.2.3 Fixed Assets Management

Observation

- 1.2.3.1 **Regulation V.1 (2a & b) of the PFM act of 2009 states that" The Head of government Agency must take full responsibility of assets assigned to him by the General services Agency and ensure that proper control system exist for assets and that (a) preventive mechanism are in place to eliminate theft, losses, wastage and misuse; and (b) inventory levels are at an optimum and economical level."**
- 1.2.3.2 It was observed during the conduct of the audit that the Grand Kru County Administration did not maintain a fixed assets registry that would show a list of coded assets, date of purchase, cost, location, assignee and current condition. As a result, we could not carry on physical verification of fixed assets to establish the ownership of assets acquired for the period under audit.

Risk

- 1.2.3.3 In the absence of fixed assets listing/ registry, the ownership and existence of the county assets cannot be assured and can be susceptible to theft.

Recommendation

- 1.2.3.4 The County Administration should provide material justification for not providing fixed assets purchase for physical verification.
- 1.2.3.5 The county Administration should also provide substantive justification for not providing fixed assets listing for all assets acquire for the period under audit.
- 1.2.3.6 Going forward, the Grand Kru Administration should provide fixed assets listing for all assets acquire and disposed for the period under audit. Additionally, proper fixed assets internal controls policies and procedure aligned with PFM regulations should be adopted and implemented for the maintenance of fixed assets.

Management's Response

- 1.2.3.7 *The Grand Kru County Administration during the period under review maintained a registry with listing of assets, date of purchase, cost, location and current condition. Regrettably, on several occasions official communications were written to the requisite **Government's** agency, General Services Agency (GSA) for appropriate GOL/GSA coding to no avail. To mitigate this, the Grand Kru County Administration will again the GSA to **code government's property or the county fixed assets, if GSA does not honor same, we will institute county's coding. Please see attached computerized listing of Grand Kru County Fixed Assets.***

Auditor General's Position

- 1.2.3.8 The document provided by Management in response to the Management Letter does not meet the requirement of a fixed asset register as defined by Regulation V.1 (2a & b) of the PFM Act of 2009.
- 1.2.3.9 The assets were not in the prescribed format and also they were not coded. Therefore, the Management of the Grand Kru County Administration is in breach of Regulation A.20 the PFM Act of 2009.

1.2.4 **Duty to Institute Effective Internal Controls**

Observation

- 1.2.4.1 PFM regulation A.15 (1) states that "The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks.
- 1.2.4.2 It was observed during the conduct of the audit that the Grand Kru County Administration did not exercise reasonable care to prevent and detect fraud, waste and abuse as the County administration did not design and implement effective internal controls over business processes.

Risk

- 1.2.4.3 The lack of an effective internal control environment could lead to fraud and misuse of public resources.

Recommendation

- 1.2.4.4 The Grand Kru County Administration should provide substantive justification for not instituting effective internal controls.
- 1.2.4.5 Going forward, the County Administration should ensure effective internal control measures.

Management's Response

- 1.2.4.6 *Grand Kru County Administration accepts the finding. Policy for scholarship drafted by the Ministry of Internal Affairs is yet to be completed and share. Also, The GKCA does not have a (government approved petty cash policies and procedures from the Ministry of Internal Affairs, to provide guidance to the GKSA) if there is any to be used as a guide. To remediate this finding, the County Administration will contact the Ministry of Internal Affairs to obtain a copy of said policies and procedures for onward implementation and adherence. If said policies are procedures are not available, we will develop same for discussion and adoption at the next county council.*

Auditor General's Position

- 1.2.4.7 **We acknowledge Management's** acceptance of the recommendation, however, we will do a follow-up during subsequent audit.

1.2.5 **Policies and Procedures**

Observation

- 1.2.5.1 The Committee of Supporting Organization of the Treadway Commission (COSO) internal control **framework on control activities stipulates that "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.**

- 1.2.5.2 It was observed during the conduct of the audit that Grand Kru County Administration had no policy and approved procedures on the following: Student Scholarship awards, Petty cash, and other major financial activities.

Risk

- 1.2.5.3 The lack of approved policies to regulate financial activities i.e. scholarships, petty cash, etc could lead to discretionary decisions.

Recommendation

- 1.2.5.4 Grand Kru County Administration should ensure that policies and procedures are put in place to guide the implementation of the County activities.

Management's Response

- 1.2.5.5 *Grand Kru County Administration accepts the finding. Policy for scholarship drafted by the Ministry of Internal Affairs is yet to be completed and share. Also, The GKCA does not have a (government approved petty cash policies and procedures from the Ministry of Internal Affairs, to provide guidance to the GKSA) if there is any to be used as a guide. To remediate this finding, the County Administration will contact the Ministry of Internal Affairs to obtain a copy of said policies and procedures for onward implementation and adherence. If said policies are procedures are not available, we will develop same for discussion and adoption at the next county council*

Auditor General's Position

- 1.2.5.6 **We acknowledge Management's acceptance of the recommendation.** We will make a follow up on the implementation of the recommendation during subsequent audit.

2 ACKNOWLEDGEMENT

- 2.1 We acknowledge the cooperation and assistance provided to the GAC Audit Team by the Management and staff of the Grand Kru County Administration and the Minister and staff of the Ministry of Internal Affairs during 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, Liberia
June, 2017

APPENDIX

Appendix 1 Payments that Exceeds Approved Budget/County Resolution

No	Projects/ Programs	Approved Budget/Resolu tion \$US A	Actual Project/Progr am Cost \$US B	Variance (Unfavorable) A-B	Comments	Reference
1.	Support to Voice of Grand Kru Radio Station	US\$3,000.00	US\$8, 230.00	5,230.00	Employees allowances and material support	Expenditure report and County Resolution
2.	PMC, PMT & County Adm Superviso n	US\$13,000.00	US\$15,147.70	2,147.70	Travel expenses and allowances	Expenditure report and County Resolution
4.	Administra tive Support (County Administra tive)	US\$7,000.00	US\$43,272.57	36,272.57	County administrative cost & Misc	Expenditure report and County Resolution
5	Support to youth and children parliament	US\$500.00	US\$1,500.00	1000.00	Youth development	Expenditure report and County Resolution
6.	Supports to Sports	US\$5000.00	US\$9,995.50	4,995.05	Sport allotment	Expenditure report and County Resolution
	Total	US\$28,500	78,145.77	(US\$49,645.77)		

Appendix 2: Third party Payment

NO.	Date	Description	Third Party	Second Party	Checks	Amount
1.	Oct. 7, 2015	Payment for the recruitment and preparation session for the Grand Kru County Football Team for the 2015/2016 County Meet.	William Kpangbah	Grand Kru County Football Team	77138	663.00
2.	Sept. 9, 2015	Payment to facilitate the celebration of the World Tourism Day in Grand Kru County	Roosevelt S. Doe		77119	1,250.00

Management Letter/Draft Report
 On The Audit of the Kru County Administration Funds
 For the Period July 1, 2014 to June 30, 2015

NO.	Date	Description	Third Party	Second Party	Checks	Amount
3.	Jul. 29, 2015	Portion payment of the proposed budget in the turn \$4,147.50 for the County Sporting activities for the Jul. 26, 2015 Independence Day Sport Celebration Grand Kru County.	William Kpangbah	Sport Association	77100	1,647.50
4.	Jul. 14, 2015	Payment for Clearing, destumping and Agricultural activities carried on by the United Methodist University College of Agriculture vocation students at the Traditional chiefs Compound in Topoe Barclayville as showcase during the Independence Day Celebration 2015.	Roosevelt S. Doe	Student Leadership	77084	1,526.00
5.	Jun. 5, 2015	Payment for four months incentives for three MIA personnel assigned in Grand Kru County Jan. to Apr., 2015. David Todge \$360.00, Moses Bloh \$200.00 and Roosevelt D. Doe \$ 200.00	Roosevelt S. Doe	MIA personnel	77059	760.00
6.	Jun. 2, 2015	Payment stipend for 4 part time workers with MIA Grand Kru County for services rendered for the period Jan-Apr, 2015.	Roosevelt S. Doe	Contractors	77055	1,170.00
7.	Jul. 15, 2015	Payment for Entertainment of Grand Kru Citizens and other Guests for the Independence Day Celebration 2015. Barclayville, Grand Kru County.	Roosevelt S. Doe	vendors	77087	5,000.00
Total						12,016.5

ANNEXURE

Annexure 1: PUBLIC PROCUREMENT AND CONCESSIONS COMMISSION REGULATION

REGULATION ON THE METHODS OF PROCUREMENT

PART V - METHODS OF PROCUREMENT

Choice of Procurement

46. (1) Public procurement shall be undertaken by means of advertised open bid proceedings, to which equal access shall be provided to all eligible and qualified bidders without discrimination, subject only to the exceptions provided under this Part.

(2) It is not permitted artificially to divide procurement with the intention of avoiding the monetary thresholds established under this Act or other instruments issued for the purposes of this Act.

(3) If the Procuring Entity uses a method of procurement other than advertised open competitive bidding, it shall note in the record of the procurement proceedings the grounds for the choice of the procurement method.

Request for Quotations

53. The request for quotations method may be used for the procurement of goods, works and services

(a) Where the procurement is for readily available commercially standard goods, not specially Manufactured to the particular specifications of the Procuring Entity and the estimated value does not exceed the amount set in the Schedule;

(b) When the estimated value of the procurement of small works, does not exceed the amount set in the Schedule;

(c) When the estimated value of the procurement of services does not exceed the amount set in the Schedule.

Basic Procedures for Request for Quotation

54. (1) Quotations shall be requested for in writing from as many bidders as practicable, but from at least three **(3)** bidders.

(2) The request shall contain a clear statement of the requirements the Procuring Entity as to quality, quantity, terms and time of delivery, as well as any other special requirements.

(3) Bidders shall be given adequate time to prepare and submit their quotations, but each bidder shall be permitted one quotation, which may not be altered or negotiated.

(4) A purchase order shall be placed with the bidder that provided the lowest-priced quotation meeting the delivery and other requirements of the Procuring Entity.

1.2 Annexure 2: PUBLIC PROCUREMENT AND CONCESSIONS COMMISSION REGULATION No. 3

REGULATION ON THE SCHEDULE OF THRESHOLDS FOR PROCUREMENT

Whereas, the Government of Liberia decided that the Public Procurement and Concessions ACT OF 2005 be amended and restated for enhanced clarity;

Whereas, the Government has decided to remove the Schedule of Thresholds for Procurement specified in the original Public Procurement and Concessions Act of 2005 from said Act and placed in regulations;

Whereas, the Schedule of Thresholds may be amended as necessary from time to time by regulations adopted by the Commissioners;

Whereas; the thresholds are generally intended to strike a critical balance between freedom for Procuring Entities to operate without undue delay and the need for the Commission to be able to monitor effectively procurement activities and assure compliance with the Act, and

Whereas, the Commission has broad-based consultations with stakeholders, donor partners and with the approval of cabinet reviewed and agreed on this Schedule of Thresholds in compliance with Section 139 of the Amended and Restated PPC Act, 2010 to be used by all procuring entities of the Government of Liberia;

Now Therefore, it is hereby declared and Regulated by this Commission that this Regulation shall be known, styled and called:

SCHEDULE

THRESHOLD FOR PROCUREMENT CONTRACTS

In this Schedule "Act" refers to the Amended and Restated Procurement and Concessions Act, 2010, as from time to time amended, the regulations from time to time issued and outstanding hereunder.

Users of this Schedule should note the following:

A. Some thresholds set forth below represent ceilings and others represent floors.

B. The Act sets forth restrictions, limitations and prohibitions on the use of particular Procurement methods that are not expressly set forth in this Schedule. The fact that a procurement method fits within the threshold under this Schedule is not sufficient to establish that it is permitted under the Act.

C. There is not minimum contract size below which the use of international competitive bidding or national competitive bidding is prohibited. Thus, for example, a Procuring Entity may use international or national competitive bidding even if the use of a request for quotations is permitted if, in the discretion of the Procuring Entity, such use of international or national competitive bidding is consistent with conducting an efficient and effective procurement.

1. International open Competitive Bidding

- The Thresholds above which international open competitive bidding shall be used are the ceiling the Thresholds for national open competitive bidding.

2. National open Competitive Bidding

- The ceiling Thresholds for national open competitive bidding shall be the following estimated contract prices. Above these ceilings, international open competitive bidding shall be used.
- In the case of contracts for the procurement of goods, US\$500,000
- In the case of contracts for the procurement of services, US\$200,000
- In the case of contracts for the procurement of works, US\$1,000,000

3. Thresholds for use of request for quotations

- Thresholds for the requests for quotations shall be the following estimated contract prices. The
- Thresholds are ceiling threshold amounts for determining the applicability of requests for quotations:
- In the case of contracts for the procurement of goods, US\$10,000
- In the case of contract for the procurement of services, US\$10,000
- In the case of contracts for the procurement of works, US\$30,000

4. Thresholds for use of Restricted Budding

The use of restricted bidding pursuant to Section 50(4) to seek bids and award contracts must be approved by the Commission where the estimated price of the procurement exceeds:

- In the case of contracts for procurement of goods, US\$50,000
- In the case of contracts for procurement of services, US\$20,000
- In the case of contracts for procurement of works, US\$100,000
- In an appropriate case, the Commission may give blanket approvals for the use of restricted bidding.

5. Contracts for publication of planned sole source procurement

Publication prior to award is required under the first sentence of Section 56(2) for sole source contracts where the estimated price exceeds US\$100,000.

6. Contracts for the procurement consultant

The solicitation of the expressions of interest is required for contracts for the procurement of consultant services when the estimated contract price of the services exceeds US\$100,000.

7. Authority to reject and Signing Authority for Procurement Contract Awards at the Entity level

Type of Contracts	Contract Value (Threshold)	Authority to Reject Proposed Contract Award per Section 27(f)	Signing Authority for Contract Award per Section 66(3)
Goods and Services	Less than US\$10,000	Head of Procuring Entity	May be delegated
	Over US\$10,000	Procurement Committee	Head of Procuring Entity
Consulting Services	Less than US\$10,000	Head of Procuring Entity	May be delegated
	Over US\$10,000	Procurement Committee	Head of Procuring Entity
Works	Less than US\$30,000	Head of Procuring Entity	May be delegated
	Over US\$30,000	Procurement Committee	Head of Procuring Entity

8. Prior notice to the Commission of proposed contract awards (14 day waiting period)

Pursuant to Section 31(1), Procuring Entities shall give at least fourteen (14) days prior notice to the Commission of proposed awards of procurement contracts when the estimated price of the procurement contracts exceeds the amount set forth below:

- In the case of contracts for the procurement of goods, US\$200,000
- In the case of contracts for the procurement of services, US\$100,000
- In the case of contracts for the procurement of works, US\$400,000

Pursuant to Section 71(2) Procuring Entities shall give at least fourteen (14) days prior notice to the Commission of proposed awards of consulting contracts when the estimated price of the consulting contract exceeds US\$100,000. **(US\$200,000)** if the contract has been awarded following the solicitation of expressions of interest in accordance with Section 68(2).

9. Notice and publication of contract awards

Pursuant to Section 37, Procuring Entities shall give prompt notice of contract awards to the Commission for publication when the contract price of the procurement exceeds:

- In the case of contracts for the procurement of goods, US\$20,000
- In the case of contracts for the procurement of services, US\$10,000
- In the case of contracts for the procurement of works, US\$30,000

10. Contracts over US\$250,000

The Ministry shall take part in the negotiations and signings of contracts over US\$250,000 and the contract shall be attested to by the Ministry of Justice.

The Procuring or Concession Entity shall comply with the thresholds set out in this Schedule to the Regulation in accordance with the provisions of the PPC Act:

**DONE IN THE CITY OF MONROVIA, COUNTY OF MONTERRADO, REPUBLIC OF LIBERIA
THIS 13TH DAY OF OCTOBER A.D. 2010 BY AUTHORITY OF THE PUBLIC PROCUREMENT
AND CONCESSIONS COMMISSION.**

SIGNED BY: _____

Esther W. Paegar (Mrs.)

ACTING CHAIRMAN

PUBLIC PROCUREMENT & CONCESSIONS COMMISSION