



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The Audit of the Liberia
Institute for Biomedical
Research (LIBR)**

**For the Period July 1, 2012 to
June 30, 2013**

July, 2017

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

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
BEP	Bid Evaluation Panel
CGMA	Chartered Global Management Accountant
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPA	Certified Public Accountant
DOLF	Death to Onchocerciasis and Lymphatic Filariasis
FAR	Fixed Asset Register
GAC	General Auditing Commission
GoL	Government of Liberia
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
LBR	Liberia Business Registry
LD	Liberia Dollar
LF	Lymphatic Filariasis
LIBR	Liberia Institute for Biomedical Research
MOU	Memorandum of understanding
Moxi	Moxidectin Clinical Research Project
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concessions Act
PPCC	Public Procurement and Concessions Committee
ToR	Terms of Reference
UBS Optimum	Light for Life Project
USD	United States Dollar
Vector Surveillance	Vector Biology Research Program
VILAB	New York Blood Center (NYBC) Virus Lab.

Compliance Audit of the Liberia Institute for Biomedical Research (LIBR) for the period July 1, 2012 to June 30, 2013.

We have audited the activities and financial transactions of the Liberia Institute for Biomedical Research (LIBR) compliance with relevant laws and regulations for the period ended June 30, 2013 **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

This audit was conducted on the basis of understanding that the Management of the Liberia Institute for Biomedical Research (LIBR) 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 Liberia Institute for Biomedical Research (LIBR) is aware of that is relevant to its contract awards, goods delivery, project execution, evaluation and reporting as well as their related documentation;
- Any additional information that we may request from Management for the purposes of the review; and
- Unrestricted access to persons within the Institution 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 Liberia Institute for Biomedical Research based on our audit. Our work was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Fundamental Auditing Principles and Guidelines for Compliance Audit. 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 the Liberia Institute for Biomedical Research 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 Disclaimer Conclusion

The Fixed Asset listing provided by the Management of LIBR lacked basic information. The assets reported on the listing were without dates of acquisition, cost, serial number, current condition and departmental/section location. Due to the absence of fixed assets listing/register that contain basic information, we were unable to obtain reasonable assurance as to the accuracy and completeness of the fixed assets owned by Liberia Institute for Biomedical Research.

The Management of LIBR did not provide Memorandum of Understandings (MOU) and project documents for donor funded projects. Due to inadequate documentation, we were unable to report whether all contracts for donor funded projects were recorded and reported accurately. Therefore, we could not determine the completeness of the receipts/revenue realized from these projects.

The Management made payments amounting to **US\$8,179.07** (Eight thousand, One hundred, Seventy-nine United States dollars, seven cents) under GoL and Donor Projects funding without adequate supporting documentation such as payment vouchers, invoices, cash receipt and delivery notes.

Salaries amounting to **L\$185,707.05** (One hundred, Eighty-five thousand, Seven hundred & seven, five cent Liberia dollars) in total were disbursed to three (3) employees following their dismissal on December 1, 2012. The salaries were paid for the period December, 2012 to April 30, 2013.

The cash receipts per the bank statements differed from the cash receipts recorded in the cash receipt book by **US\$50,963.07** for various donors related funding.

The Management procured various goods and services under GoL funding and various projects in the amount of **US\$4,625.00** (Four thousand, Six hundred & twenty-five United States dollars) without the required quotation as provided for under the PPC Act.

The Management made payments in the amount of **US\$11,187.00**, in the names of employees for various goods and services rather than in the names of the vendors providing those goods and services.

Disclaimer Conclusion

Based on the audit work performed, because of the significance of the matter noted in the Basis for the Disclaimer paragraph above, we are unable to, and therefore do not express a conclusion on Liberia Institute for Biomedical Research (LIBR) are not in compliance, in all material respects, with stated laws and regulations.

Monrovia, Liberia
July, 2017


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

BACKGROUND

Background of the (LIBR)

The Liberia Institute of Biomedical Research was enacted into Law and approved by the Legislature on May 20, 1975, and it is an independent body which shall generate funds through awards of research projects, foundation awards and grants from international and national organizations to carry on its operations, it shall be operated by a Board of Governors which shall be responsible for the enunciation of all policies affecting the Institute and its activities.

The Institute is hereby empowered to organize and conduct research, conferences and seminars for the purpose of exchanging opinions and view on the critical issue of biomedical problems, and in the performance of its function to solicit research projects, assistance, and funding from Government and other national and international organizations.

Table 1: LIBR Key Personnel

No.	Name	Title / Position Held	Tenure
LIBERIA INSTITUTE FOR BIOMEDICAL RESEARCH (LIBR)			
1	Dr. Fatorma K. Bolay, PHD	Director	2006-Present
2	Garbee F. Pewee	Comptroller	2000-Present
3	Baseh F. Cooper	Adm. Asst. Personnel	2000-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 Liberia Institute for Biomedical Research for the period July 1, 2012 to June 30, 2013 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 International Organization of Supreme Audit Institutions (INTOSAI) Fundamental Auditing Principles and Guidelines for Compliance Audit. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial information provided by the Liberia Institute for Biomedical Research 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 spelt out under Sections 2.1.3 of the GAC Act of 2014. 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 fulfill 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 Liberia Institute for Biomedical Research (LIBR) 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 Payments without Adequate Supporting Documentation

Observation

1.1.1.1 Regulation P.9 (2) of the PFM Act of 2009 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."

1.1.1.2 It was observed during the conduct of the audit from sample of vouchers that payments amounting to **US\$8,179.07** (Eight thousand, One hundred, Seventy-nine United States dollars, seven cents) were expended under GoL and Donor Projects funding without adequate supporting documentation such as payment vouchers, invoices, cash receipt and delivery notes. **See table 1a-1d below for details:**

Table 1a: Government of Liberia (GoL) Funding

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Seth Brothers Inc.	Payment for building materials taken on a/c	9491	800.00
Sub Total:				US\$800.00

Table 1b: Death to Onchocerciasis and Lymphatic Filariasis Project

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Stargate	2 nd quarter payments for internet Oct. to Dec. 2012	130	3,035.00
12/13	Advanced Auto Accessory	Purchase of 4 pcs of tires	141	1,300.00
Sub Total:				US\$4,335.00

Table 1c: Light for Life Project (USB Optimum)

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Udenson Enterprise	Vehicle servicing & spare parts	144	868.00
12/13	Emmanuel Udenwa	Vehicle servicing & spare parts	157	1,000.00
Sub Total:				US\$1,868.00

Table 1d: Moxidectin Clinical Research Project

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Don-Kan Inc.	3 drums fuel, 1 drum gas/ CRC	6242	1,176.07
Sub Total:				US\$1,176.07
Total:				US\$8,179.07

Risk

- 1.1.1.3 Payments without adequate supporting documentation cast doubt on the regularity of the transaction and undermine public sector accountability and transparency.

Recommendation

- 1.1.1.4 The Management should provide all the necessary supporting documentation (Payment vouchers, invoices and delivery notes) of the **US\$8,179.07** expended to procure goods and services.
- 1.1.1.5 Going forward, Management should ensure that all payments are supported by invoices, bills and other documents in addition to the payment vouchers.

Management's Response

- 1.1.1.6 *As it relates to this issue raised in your management letter submitted to us, the management would like to inform you that those payments in question were duly supported. But due to the renovation work being carried out on premises couple with the shifting of documents from one office to another we found it difficult to gather and submit those documents in time. However, the management will therefore submit same for your review.*

Auditor General's Position

- 1.1.1.7 The Management of LIBR is responsible to safeguard its records in line with the Regulation 1.5 of the PFM Act of 2009. Management has the obligation to back up its accounting records and store them off site to mitigate the risks of loss or damage. Therefore, Management is in breach of Regulation A.20 in line with the PFM Act of 2009.

1.1.2 Payroll Irregularities

Observation

- 1.1.2.1 Regulation T.5 (1) of PFM Act 2009 states that " A Head of government agency shall cause the immediate stoppage of payment of salary to a public servant when that public servant has: (a) been absent from duty without permission or reasonable cause for a period as stipulated in the administrative regulations of the establishment; (b) been absent from duty on leave without pay; (c) been convicted of an offence involving theft or fraud, or a sentence of imprisonment; (d) resigned; (e) retired; or (f) died."
- 1.1.2.2 It was observed during the conduct of the audit that salaries amounting to **L\$185,707.05** (One hundred, Eighty-five thousand, Seven hundred & seven, five cent Liberia dollars) in total were disbursed to three (3) employees following their dismissal on December 1, 2012. The salaries were paid for the period December, 2012 to April 30, 2013. **See Table 2 for details.**

Table 2: Payroll Irregularities

F/Y	Dismissed Employee	Former Position	Net Salary	# of Months	Total Amount(L\$)
12/13	Stephen Kerkulua	Maintenance Supervisor	12,380.47	5 Months	61,902.35
12/13	Davidson Quaqua	Field Supervisor	12,380.47	5 Months	61,902.35
12/13	Herald S. Korto	Chief Security	12,380.47	5 Months	61,902.35
Total:					L\$185,707.05

Risk

- 1.1.2.3 Paying salaries in the names of dismissed employees is an abuse public resource and possible payment to ghost employees.

Recommendation

- 1.1.2.4 Management should provide material justification for continuously paying salaries to employees who were dismissed.
- 1.1.2.5 Going forward, Management should reconcile salaries monthly to prevent paying salaries to employees that were dismissed, resigned and terminated.

Management's Response

- 1.1.2.6 *Reference to this issue regarding the disbursement of salaries to the three employees following their dismissal on December 1, 2012, may we quickly registered that this was due to a breach of communication between the Human Resource and Finance Departments. The dismissals of these employees were immediately preceded by the resignation of the then Human Resource Manager who did not furnish the Finance Department with the necessary information regarding the dismissal of these employees to enable it act appropriately. Additionally, we would like to inform you that monies in question were not disbursed to anyone but instead were deposited into their deposit accounts which is very impossible for anyone else to carry on withdrawal from such accounts.*

Auditor General's Position

- 1.1.2.7 These employees were maintained on the payroll for five months each after their dismissal. Therefore, the resignation of the HR Management cannot be used as a basis for the payments. Regulation A.15 of the PFM Act of 2009 clearly states that "the head of Government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure". Therefore, the Management should be held accountable for the payments to the dismissed employees.

1.1.3 Unrecorded Cash Receipts

Observation

- 1.1.3.1 Regulation A.3 (1) of the PFM Act of 2009 states, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of

government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister.

- 1.1.3.2 It was observed during the fiscal year under audit the Cash receipts per the bank statements differed from the Cash receipts recorded in the Cash receipt book by **US\$50,963.07** for various donors related funding. **See table 3 below:**

Table 3: Unrecorded Cash Receipts

No.	Donor	Amt. Per-Bank Statement A=	Amt. Per-Cashbook B=	Unrecorded Receipts C=A-B
1	DOLF	86,736.35	85,275.08	1,461.27
2	Moxidectin	135,547.83	134,235.37	1,312.46
3	UBS Optimum	222,690.30	195,386.55	27,303.75
4	Vector Surveillance	13,942.25	12,361.40	1,580.85
5	VILAB (NYBC)	15,989.49	0.00	15,989.49
6	LF Trans	31,125.58	27,810.33	3,315.25
Total:				US\$50,963.07

Risk

- 1.1.3.3 Failure to record cash receipts undermines the accuracy and completeness of the cash position / financial statements.

Recommendation

- 1.1.3.4 Management should provide justification for failure to record cash receipts.
- 1.1.3.5 Going forward, Management should ensure that all cash receipts are properly recorded in the Cash book.

Management's Response

- 1.1.3.6 *The management acknowledges and accepts the recommendation contained in your Management Letter and will ensure that proper recording of all financial information.*

Auditor General's Position

- 1.1.3.7 We acknowledge Management acceptance of our recommendation. However, Management is in breach of Regulation A. 20 in line with the PFM Act of 2009 and is accountable for the unrecorded revenue.

1.2 Compliance Issues

1.2.1 Payments made without Required Quotations

Observation

- 1.2.1.1 Section 54 Paragraph (1) of the PPC Act of 2005 as amended and restated 2010 states "Quotations shall be requested in writing from as many bidders as practicable, but from at least three (3) bidders.

- 1.2.1.2 Additionally, in the Financial Manual of LIBR, Section I, Payment Request Form, States that. "Payment request should be preceded by at least three Proforma Invoice. It should be approved by the Director or designated authority before any payment is made.
- 1.2.1.3 It was observed during the conduct of the audit that the Management procured various goods and services under GoL funding and various projects in the amount of **US\$4,625.00** (Four thousand, Six hundred & twenty-five United States dollars) without the required quotation as provided for under the PPC Act. **See Tables 4a-4b** for details:

Table 4a: Moxi Project

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Thunder Bird Corp.	Assorted spare parts (NG-1342)	44807	750.00
Subtotal:				US\$750.00

Table 4b: GoL funding

Fiscal Year	Payee	Description	Check #	Amount (USD)
12/13	Sethi Bro. Inc.	Payment for building material	009491	800.00
12/13	Goerge Cole	Payment for spare parts & generator servicing	009488	1,375.00
12/13	Sethi Bro. Inc.	Part payment for building materials	9487	800.00
12/13	George Cole	Payment for generator spare parts	009500	900.00
Subtotal:				US\$3,875.00
Total:				US\$4,625.00

Risk

- 1.2.1.4 Making payments without the required quotations could lead to the discretionary procurement decisions, conflict of interest, and non-achievement of value for money.

Recommendation

- 1.2.1.5 The Management should provide substantive justification for not obtaining the required quotations.
- 1.2.1.6 Going forward, Management should ensure that quotations be requested from as many bidders as practicable.

Management's Response

- 1.2.1.7 *I am pleased to inform you that management is aware of the breach/violation of the above provision mentioned in the PPC Acts as it relates to its failure to solicit three quotation, and as such, management has taken into consideration the recommendation contained in your communication regarding the adherence to the processes required by the PPC Act on the purchases of goods and services. As a result, we have officially*

communicated with the PPCC to conduct an in-house training for its staffer. Therefore, we acknowledge and accept the recommendation as contained in your management letter.

Auditor General's Position

1.2.1.8 We acknowledge Management's acceptance of our recommendation. However, Management is in breach of Section 54 Paragraph (1) of the PFM Act of 2005 as amended and restated in 2010.

1.2.2 Donor projects without MOU/ Contract Agreement

Observation

1.2.2.1 Section 41.1 (a), (b), (c), (d) & (e) of the PPC Acts of 2005 as amended and restated 2010 on Contract Administration state that "(1) The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- (a) Ensuring that the contractor complies with the specifications and terms of the contract;
- (b) Ensuring that the contract is being performed on schedule;
- (c) Ensuring that payments made to the contractor are in accordance with the terms of the contract.
- (d) Determining when a contract has been successfully performed which will entitle the contractor to final payment; and
- (e) In the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations.

1.2.2.2 It was observed during the conduct of the audit that the Management failed to provide MOU and project documents for donor funded projects. **See table 5 below details:**

Table 5: Donor projects without MOU/ Contract Agreement

No.	Donors/Contract	Comments
1	Lymphatic Filariasis (LF)	Donor project without MOU/Contract agreement
2	Moxidectin Clinical Research Project (Moxi)	Donor project without MOU/Contract agreement
3	Light for Life Project (UBS Optimum)	Donor project without MOU/Contract agreement
4	New York Blood Center (NYBC) Virus Lab.	Donor project without MOU/Contract agreement

Risk

1.2.2.3 Non-availability of MOU could lead to spending outside the scope of the project and non-achievement of project objective.

Recommendation

- 1.2.2.4 The Management should provide the contractual agreements or Memorandum of Understandings.
- 1.2.2.5 Going forward, Management should maintain and provide all contract agreement or Memorandum of Understanding.

Management's Response

- 1.2.2.6 *As it relates to this issue raised in your management letter submitted to us, the management would like to inform you that those contract documents in question were duly supported contract documents. But due to the renovation work being carried out on the premises of LIBR couple with the shifting of document from one office to another we found it difficult to gather and submit those contract documents in time. However, the management will therefore submit same for your review.*

Auditor General's Position

- 1.2.2.7 The Management of LIBR is responsible to safeguard its records in line with Regulation I.5 of the PFM Act of 2009. Also Management is in breach of Section 41.1 (a), (b), (c), (d) & (e) of the PPC Acts of 2005 as amended and restated in 2010.

1.2.3 Third Party Payments

Observation

- 1.2.3.1 Section B.28 of the PFM Act of 2009 states "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment.
- 1.2.3.2 It was observed during the conduct of the audit that Management made payments in the amount of **US\$11,187.00**, in the names of employees for various goods and services rather than in the names of the vendors providing those goods and services. **See table 6 for details.**

Table 6: Third Party Payments

Fiscal Year	Payee	Description	Check #	Amount Withdrawn
12/13	James S. Paye	81.20 gals of fuel to Lofa	175	350.00
12/13	Gayflor Nuwolo	Vehicle servicing, UBS trip to Lofa	101	352.00
12/13	Gayflor Nuwolo	Spare parts for vehicle servicing	107	750.00
12/13	J. Kolubah Zayzay	80 bags of cements	9501	800.00
12/13	Vazelee Mulbah	Purchase of 112 gals gasoline Mini bus	9503	500.00
12/13	J. Kolubah Zayzay	183 bags of cement	13201	1,600.00
12/13	George Cole	Payment for generator spare parts	009500	900.00
12/13	P. Tarnue Quaqua	Payment for purchase of blocks	009494	560.00
12/13	Baseh F. Cooper	Purchase of cement 115 bags @ 8.70	000453	1,000.00
12/13	M. Reginald Karwah	Spare parts & vehicle serving payment	000463	2,000.00
12/13	Baseh F. Cooper	Purchase of 112 bags of cement	000450	1,000.00
12/13	Goerge Cole	Payment for spare parts & generator	009488	1,375.00

Fiscal Year	Payee	Description	Check #	Amount Withdrawn
		servicing		
Total:				US\$11,187.00

1.2.3.3 In addition there were no supporting documentation to establish the validity of expenses incurred as there was no evidence of invoices and delivery notes.

Risk

1.2.3.4 Payments made in the name of employees could lead to misapplication as monies received may be diverted to personnel use.

1.2.3.5 The absence of adequate controls over the funds and execution of transactions could deny the achievement of value for money.

Recommendation

1.2.3.6 The Management should provide substantive justification for making third party payments in the names of the Individual rather than the service providers or their authorized representatives.

1.2.3.7 Going forward, Management should ensure that payments are made in the names of the second party or his/her authorized representatives.

Management's Response

1.2.3.8 *The Management of the LIBR is fully cognizant of the PFM Regulation indicated at R.14 (avoidance of cash transactions). However, we were constrained to make payments in names of these employees due to urgency surrounding these transactions. Some of these vendors, if they were to accept checks, they would say that you wait for the checks to be encashed before the goods they can be supplied or you give them cash. Notwithstanding, these payments were made in good faith as the monies were received by the individual vendors. See attached.*

Auditor General's Position

1.2.3.9 **Management's assertion that "we were constrained to make payments in names of these employees due to urgency surrounding these transactions" is not** materially supported. PFM Regulation B.31 clearly states "Payment procedures in Times of Emergency". Therefore, Management is in breach of Regulation A.20 in line with the PFM Act of 2009.

1.2.4 Pre-numbered Payment Voucher

Observation

1.2.4.1 Regulation P.9 (1) of the PFM Act of 2009 states that "All disbursements or payments of public moneys shall be properly supported by pre-numbered payments voucher.

1.2.4.2 It was observed during the conduct of the audit that the Management of LIBR made payments without using a pre-numbered Payment Voucher. Funds were disbursed based on request (through an internal memo only). **See exhibit 1.**



Risk

1.2.4.3 Failure to use pre-numbered Payment Voucher could lead to duplication of vouchers.

Recommendation

1.2.4.4 Management should provide justification for not per-numbering its vouchers.

1.2.4.5 Going forward, Management should ensure that a pre-numbered Payment Voucher is instituted for the Entity.

Management's Response

1.2.4.6 *We had hoped that the Comptroller would have helped the Accountants to ensure, full compliance with all financial laws and regulations of Liberia. Statutorily it is the role of the comptroller within the entity to ensure compliance as agreed. However that Management needs to ensure this moving forward.*

1.2.4.7 **Auditor General's Position**

We acknowledge Management's acceptance of our recommendation. However, Management is in breach of Regulation A.20 in line with the PFM Act of 2009.

1.2.5 Inadequate Fixed Assets Register

Observation

1.2.5.1 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 systems exist for assets and that: (a) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse; and (b) inventory levels are at an optimum and economical level".

1.2.5.2 Additionally, Regulation V.5 of the PFM Act of 2009 states that "The conditions and terms of disposal or sale of immovable or movable assets shall be determined by the General Services Agency.

1.2.5.3 It was observed during the conduct of the audit that the Fixed Asset listing provided by the Management lacked basic information. The assets reflected on the listing were without dates of acquisition, cost, serial number and current condition.

1.2.5.4 Furthermore, Management made sale of two of its vehicles, Nissan Patrol, GSA-LIBR 0-1-3 and Nissan Pathfinder, Coded: GSA- LIBR-01-4 assigned in Monrovia without determination by the General Services Agency. **See table 7a-7b below for detail.**

Table 7a: Assets Sold / Not verified

No	Description	Coded	Location	Condition
1.	Nissan Patrol	GSA-LIBR 0-1-3	Monrovia	Not Verified
4.	Nissan Pathfinder	GSA- LIBR-01-4	Monrovia	Not Verified

Table 7b: Assets Not Verified

No	Description	Coded	Location	Condition
1.	Nissan Hard Body	GSA-LIBR-02-2	Margibi	Not Verified
2.	Nissan Hard Body	GSA-LIBR-01-3	Bolahu	Not Verified
3.	Toyota Hilux	GSA-LIBR-004	Margibi	Not Verified
4.	Toyota Land Cruiser	GSA-LIBR-CRC-001	Bolahu	Not Verified
5.	Toyota Land Cruiser	LIBR-CRC-002	Bolahu	Not Verified
6.	Motor Bikes 14Pcs	N/A	Bolahu	Not Verified
7.	Motor Bike	N/A	Bolahu	Not Verified

Risk

1.2.5.5 Incomplete fixed assets Register without assignee date of acquisition, cost Serial Numbers were applicable could be vulnerable to theft and abuse.

Recommendation

1.2.5.6 The Management should provide material justification for not providing complete fixed assets Register for all assets.

1.2.5.7 In the absence of complete fixed assets Register, the ownership and existence of the assets cannot be assured and could be vulnerable to theft.

1.2.5.8 The Management should also provide material justification for the sale of the Nissan Patrol, Coded: GSA-LIBR 0-1-3 and Nissan Pathfinder, Coded: GSA- LIBR-01-4 by the Management without adhering to the General Services Agency disposal policies.

1.2.5.9 Going forward, Management should provide complete Fixed Assets Register for all assets acquired.

Management's Response

1.2.5.10 *The management acknowledges and accepts the recommendation contained in your management letter indicating management's failure to maintain a fixed asset Register and is committed to implementing said recommendation in the ensuing fiscal period.*

Auditor General's Position

1.2.5.11 We **acknowledge Management's** acceptance of our recommendation. However, Management should produce an Assets Register/list that shows, cost, date of purchase, series #, location and assignee within thirty (30) days of received of this audit report. **See exhibit 2** for sample. Management is in breach of Regulation A. 20 in line with the PFM Act of 2009.

1.2.6 Personnel file without proper document per LIBR employment manual

Observation

1.2.6.1 Page 3 of The Human Resource Policies and Procedures Manual of the LIBR under the heading "Procedures" states:" All candidates who are offered employment with the Institute are required to sign an employment contract".

1.2.6.2 Additionally, the employment contract is signed by both the employer and the employee and attested by the Ministry of Labor. A copy of the employment contract shall be given to the new employee and placed in his or her record with Human Resource.

1.2.6.3 It was observed during the conduct of the audit that the below listed personnel were hired without regard to the entity's Human Resource Policies on Hiring or Recruitment.

See Table 8 below:

Table 8: Personnel file without proper document per LIBR employment manual

No.	Name	Position
1	Garbee F. Pewee	Comptroller
2	Lawrence Fakoli	Research Associate
3	Baseh F. Cooper	Admin. Asst. Personnel
4	Stephen Kerkular	Maintenance Supervisor
5	Pewee T. Quaqua	Accountant
6	Davidson T. Quaqua	Field Supervisor
7	Herald S. Korto	Chief Security
8	James Dardea	Carpenter
9	Pewee Washington	Electrician
10	Dahn Washington	Field Worker
11	Freeman Zuo	Plumber
12	John Fayiah	Field Worker
13	Garmai Kollie	Janitor
14	Ruth Flomo	Cleaner
15	Alfred Myers	Field Worker
16	Perkin Ben	Security
17	Emmeh Sullivan	Field Worker
18	Prince Howard	Maintenance Office
19	Morris Teah	Field Worker
20	Moses Marbiah	Field Worker
21	Marcus Gardner	Security

Risk

1.2.6.4 The failure of Management to properly follow its own Human Resource policies and Procedures Manual in the hiring and recruitment process of employees could lead to hiring of unqualified individuals.

Recommendation

1.2.6.5 The Management should ensure that all procedures leading to the hiring of employees including contracts are included on each personnel file for proper accountability and transparency.

1.2.6.6 Going forward, Management should ensure that its Human Resource Policies and Procedures Manual with regard to hiring or recruitment process of employees are adhered to.

Management's Response

1.2.6.7 *Management would like to inform and clarify that based on a major renovation work at the LIBR, after the Ebola crisis, human resource document was misplaced and couldn't*

be recover during the field work execution of the GAC auditors. However, we are exulting efforts in retrieving these personal documents.

Auditor General's Position

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

1.2.7 Risk Assessment Process

Observation

- 1.2.7.1 Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Integrated Framework, Paragraph 17 states "In most cases, the board or heads of public entity is ultimate responsible for determining whether management has implemented effective internal controls including monitoring. The organization makes this assessment by (a) understanding the risks the organization faces (b) gaining an understanding of how senior management manages or mitigates those risks that are meaningful to the organizations' objectives". Obtaining this understanding includes determining management supports its beliefs about the effectiveness of the internal control system in those important areas.

- 1.2.7.2 During our evaluation of risk assessment of LIBR, there was no evidence that the entity conducted risk assessment of their programs to understand the extent of risks management faces in achieving its objectives for the periods under review.

Risk

- 1.2.7.3 Failure to perform risk assessment process, could lead to Management not being aware of potential weaknesses that may exist which could make the entity susceptible to fraud.

Recommendation

- 1.2.7.4 Going forward, Management should conduct periodic risk assessment and establish risk management policies to identify risks which have the ability to prevent the achievement of the program's objectives.

Management's Response

- 1.2.7.5 *We acknowledge your observation and will ensure risk assessment process over the implementation of the Project is adhered.*

1.2.7.6 Auditor General's Position

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

1.3 Governance Related Issues

1.3.1 LIBR supervision & monitoring

Observation

1.3.1.1 Regulation A.15 (1) of the PFM Act of 2009 states that "a 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.

1.3.1.2 It was observed during the conduct of the audit that the operations of the LIBR appears not to have been regularly monitored by the management and other significant **monitoring partners as evidenced by the management's failure to provide monitoring and supervision reports during the period under audit.**

Risk

1.3.1.3 The lack of supervision over the implementation of projects could lead to the non-achievement of the **Program's objectives.**

Recommendation

1.3.1.4 The Management should ensure regular supervision of the implementation of the Projects.

Management's Response

1.3.1.5 *We acknowledge your observation and will ensure regular supervision and monitoring over the implementation of the Project.*

Auditor General's Position

1.3.1.6 We acknowledge Management's **acceptance of our recommendation.** However, Management is in breach of Regulation A.20 in line with the PFM Act of 2009.

1.3.2 Disaster Recovery Plan

Observation

1.3.2.1 The COSO framework requires that entities should draw up a disaster recovery plan to recover information in the event of loss. The plan would mitigate the loss of transaction data and other information. The purpose of the plan is to minimize the effects of service interruption on the operation of the Entity by:

- Specifying procedures to be followed in the event of a disaster or specific situation, especially measures to be put in place to minimize the effects of disasters;
- Assigning responsibilities to various staff members involved in the implementation of the plan;

- Specifying procedures for the restoration of normal service following a disaster.

1.3.2.2 It was observed during the conduct of the audit that the Management of LIBR did not maintain a Disaster Recovery Plan for the periods under audit.

Risk

1.3.2.3 Failure to formulate a disaster recovery plan could result to the loss of transaction data and information in an event where there is a disaster.

Recommendation

1.3.2.4 Going forward, the Management should formulate a disaster recovery plan as part of its risk management strategy.

Management's Response

1.3.2.5 *Noted and will be implemented as recommended.*

Auditor General's Position

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

1.3.3 Absence of an Internal Audit unit

Observation

1.3.3.1 Regulation J.3 of the PFM Act of 2009 states "There shall be established in each government agency or government organization an internal audit unit which shall constitute a part of that institution". (2) The Internal Audit unit shall be headed by a Director.

1.3.3.2 It was observed during the conduct of the audit that there was no evidence of established internal audit unit at the LIBR for the period under audit.

Risk

1.3.3.3 The absence of an internal audit unit at the LIBR could compromise risk Management process, general and financial controls and governance processes of the entity.

Recommendation

1.3.3.4 Going forward, Management should institute an internal audit department in order to mitigate risk at the LIBR.

Management's Response

1.3.3.5 *As contained in your management letter submitted to us, concerning the absence of an internal audit function at the LIBR, I am pleased to inform you that management has included in its fiscal budget provisions for the establishment of an internal audit Unit.*

Consistent with your observation, the management has begun the process of recruitment for internal auditor(s).

Auditor General's Position

- 1.3.3.6 We acknowledge Management's acceptance of our recommendation. However, Management is in breach of Regulation A. 20 in line with the PFM Act of 2009.

1.3.4 Non-existence of Audit Committee at the LIBR

Observation

- 1.3.4.1 Regulation K-10 of the PFM Act of 2009 states "a head of government agency or organization shall in consultation with the Internal Audit Agency to establish and maintain an Audit committee for the government Agency or organization for which he/she is responsible".

- 1.3.4.2 It was observed during the conduct of the audit that Management of LIBR did not maintain or establish an Audit Committee to validate the functions of the internal audit.

Risk

- 1.3.4.3 In the absence of an Audit Committee, Management cannot mitigate risks on a timely basis in the achievement of the project's objectives.
- 1.3.4.4 In the absence of an Audit committee, Management may not implement timely internal and external audit recommendations designed to provide appropriate response to risks and control deficiencies identified in the audit recommendations.

Recommendation

- 1.3.4.5 Going forward, Management should establish an Audit Committee to monitor and review the implementation of internal audit and external audit recommendations.

Management's Response

- 1.3.4.6 *We acknowledge your observation and will ensure an audit committee be instituted at the LIBR.*

Auditor General's Position

- 1.3.4.7 We acknowledge Management's acceptance of our recommendation. However, Management is in breach of Regulation A. 20 in line with the PFM Act of 2009.

1.3.5 Policies and Procedures at LIBR

Observation

- 1.3.5.1 The COSO framework on control activities stipulates that "institutions deploy control activities through policies that establish what is expected and procedures that put policies in to action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

- 1.3.5.2 It was observed during the conduct of the audit that there was no evidence of policy and procedures for the distribution of gasoline, scratch cards and DSA among staffers at the LIBR.

Risk

- 1.3.5.3 The lack of policy to regulate the distribution of gasoline, scratch cards, DSA among staffers of the institute could lead to discretionary distribution of gasoline, scratch cards and DSA.

Recommendation

- 1.3.5.4 Management should ensure that policies and procedures are put in place to serve as a control instrument for the distribution of gasoline, scratch cards and DSA.

Management's Response

- 1.3.5.5 *We acknowledge your observation and will ensure that policies and procedures are put in place to guide the distribution of gasoline and scratch cards.*

Auditor General's Position

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

1.3.6 Segregation of Duties

Observation

- 1.3.6.1 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) integrity framework on control activities stipulates that "Institution should provide controls to mitigate risks through a combination of methods, including oversight controls applied by management, segregation of duties, and independent reconciliations."

- 1.3.6.2 It was observed during the conduct of the audit that there was no evidence of segregation of duties within the Liberia Institute for Biomedical Research (LIBR), as the Administrative Assistant served in several capacities; as Head of Procurement and Human Resource personnel. Etc.

Risk

- 1.3.6.3 Failure to fully exercise segregation of duties for various positions undermines productivity and effectiveness which could lead to non-achievement of the entity's objective.

Recommendation

- 1.3.6.4 The Management should ensure that segregation of duties is put in place at the Liberia Institute for Biomedical Research (LIBR) to guide the function of the entity.

Management's Response

- 1.3.6.5 *Also as contained in your management letter submitted to us, concerning the segregation of duties at the LIBR. I am pleased to inform you that management has not been able to hire additional staffer due to budgetary constrain and the needed lack of resources. Therefore, we will make the necessary allocation in our future budget to hire additional staffer needed to enhance the operation of the entity.*

Auditor General's Position

- 1.3.6.6 We acknowledge Management's acceptance of our 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 staffers of the Liberia Institute for Biomedical Research (LIBR) during the course of the audit. The efforts and commitments of GAC staff in conducting this audit are also gracefully acknowledged.


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

Monrovia, Liberia
July, 2017

EXHIBIT

