



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, 2014 to
June 30, 2015**

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
NCB	National Competitive Bidding
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, 2014 to June 30, 2015.

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, 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

This audit was conducted on the basis or 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\$1,800.00** (One thousand, Eight hundred United States dollars) under GoL funding without adequate supporting documentation such as payment vouchers, invoices, cash receipt and delivery notes.

The cash receipts per Banks statements differ from the cash receipts recorded in the cash receipts books by **US\$50,651.00** for various donors related funding.

The Management procured laboratory consumables and fuel/lubricant totaling **US\$102,000.00** without National Competitive bidding process as required by PPC Act of 2010.

The Management procured various goods and services under GoL and Projects funding amounting to **US\$6,965.00** and **L\$1,676,422.00** without the required quotations.

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.


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

Monrovia, Liberia
July, 2017

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, 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 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\$1,800.00** (One thousand, Eight hundred United States dollars) were expended under GoL funding without adequate supporting documentation such as payment vouchers, invoices, cash receipt and delivery notes. **See table 1 below for details:**

Table 1: Payments without Adequate Supporting Documentation

Fiscal Year	Payee	Description	Check #	Amount (USD)
14/15	Auto Spare Garage	Vehicle servicing and spare parts	105493	800.00
14/15	Auto Spare Garage	Vehicle servicing /Director's car	105494	1,000.00
Total				US\$1,800.00

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\$1,800.00** 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 beach of Regulation A.20 in line with the PFM Act of 2009.

1.1.2 Unrecorded Cash Receipts

Observation

1.1.2.1 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.

1.1.2.2 It was observed during the fiscal year under audit the Cash receipts per Banks Statements differ from the cash receipts recorded in the cash receipts books by **US\$50,651.65** for various donors related funding. **See table 2 below:**

Table 2: Unrecorded Cash Book Balances

No.	Donor	Amt. Per-Bank Statement A=	Amt. Per-Cashbook B=	Unrecorded Transaction C=A-B
1	DOLF	66,141.34	64,869.48	1,271.86
2	Moxidectin	304.28	0.00	304.28
3	UBS Optimum	8,602.25	8,180.55	421.70
4	Vector Surveillance	46,720.99	0.00	46,720.99
5	VILAB (NYBC)	20,367.82	18,710.00	1,657.82
6	LF Trans	275.00	0.00	275.00
Total:				US\$50,651.65

Risk

1.1.2.3 Failure to records cash receipts undermines the accuracy and completeness of the cash position / financial statements.

Recommendation

1.1.2.4 Management should provide justification for failure to record cash receipts.

1.1.2.5 Going forward, Management should ensure that all cash receipts are properly recorded in the Cash book.

Management's Response

1.1.2.6 *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

1.1.2.7 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 and is accountable for the unrecorded revenue.

1.2 Compliance Issues

1.2.1 Payment not in Line with National Competitive Bidding (NCB)

Observation

1.2.1.1 Section 46 (1), (2) & (3) of the PPC Act of 2005 as amended and restated 2010 stipulates "public procurement shall be undertaken by means of advertised open bid proceedings, that to which equal access shall be provided to all eligible and qualified bidders without discrimination, subject only to the exceptions provided under this par for a particular methods of procurement.

1.2.1.2 (2) "It is not permitted artificially to subdivide procurement with intention of avoiding the applicability of the thresholds to procurement."

1.2.1.3 (3) "Procurement Entities may use only those methods of procurement authorized by this Act. If a 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."

1.2.1.4 It was observed during the conduct of the audit that the Management procured laboratory consumables and fuel/lubricant totaling **US\$102,000.00** without National Competitive bidding process as required by PPC Act of 2005 as amended and restated 2010. **See table 3 below:**

Table 3: Payment not in Line with PPCC Act

F/Y	Description	Source	Amount(US\$)
14/15	Payment represent fuel and lubricant for vehicle and generator	GoL fund	102,000.00
Total:			US\$102,000.00

Risk

1.2.1.5 Failure to conduct a bidding process for goods and services procured could lead to conflict of interest as contract could be awarded on personal relationship.

Recommendation

1.2.1.6 The Management should provide justification for not undertaken National Competitive Bidding process for the Procurement of fuel and lubricant.

1.2.1.7 Going forward, Management should ensure that the necessary procurement processes for the procurement of fuel and lubricant is undertaken.

Management's Response

- 1.2.1.8 *The procurement of laboratory consumable and fuel/lubricant were done in accordance with the PPC Act. All bid documents, tender records and Bid Evaluation Reports were submitted to the auditors upon request. Notwithstanding, we therefore resubmit same for your review.*

Auditor General's Position

- 1.2.1.9 **Management's assertion that "All bid documents, tender records and Bid Evaluation Reports were submitted to the auditors upon request" is not materially supported.** Management did not provide any document in response to the Management Letter. However, Management is in breach of Section 46 (1), (2) & (3) of the PPC Act of 2005 as amended and restated in 2010.

1.2.2 Payments made without Required Quotations

Observation

- 1.2.2.1 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.
- 1.2.2.2 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.
- 1.2.2.3 We observed that the management procured various goods and services under GoL and Projects funding amounting to **US\$6,965.00** and **L\$1,676,422.00** without the required quotations. **See Table 4a-4c for detail:**

Table 4a: NYBC (VILAB) Project

F/Y	Payee	Description	Check #	Amount (USD)
14/15	Master Trading Center	Purchasing of spare parts for the servicing of Land Cruiser	518	2,590.00
14/15	Emmanuel Udenue	Purchase for vehicle servicing & spare parts	509	735.00
Subtotal:				US\$3,325.00

Table 4b: GoL (L\$ Transactions)

F/Y	Payee	Description	Check #	Amount (USD)
14/15	Cakpa Fahn	Vehicle servicing & spare parts	105498	2,840.00
14/15	Auto spare garage	Vehicle servicing & spare parts & spare parts	105493	800.00
Subtotal:				US\$3,640.00
Total:				US\$6,965.00

Table 4c: GoL (L\$ Transactions)

F/Y	Payee	Description	Check #	Amount (L\$)
14/15	Bloh Cooper	Payment for generator spare parts & servicing	6976	750,000.00
14/15	Albert Ballah	Payment for assorted stationeries taken	6978	420,000.00

F/Y	Payee	Description	Check #	Amount (L\$)
		on a/c		
14/15	Jonathan Willie	Purchase of 72pcs. PVC pipes 4"	6977	67,000.00
14/15	Baseh F. Cooper	Purchase of 1 truck load of crushed rocks	6979	46,872.00
14/15	Baseh F. Cooper	Purchase of 166.6 gals of fuel	6980	126,000.00
14/15	Baseh F. Cooper	Purchase of 190 bags of cement	6981	147,000.00
14/15	Musa Kamara	150 gals fuel, Annex, Bolahum	6991	40,500.00
14/15	Autospare Garage	Additional payment for servicing of Director's vehicle	6997	79,050.00
Total:				L\$1,676,422.00

Risk

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

Recommendation

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

Management's Response

- 1.2.2.7 *I am pleased to inform you that management is aware of the breach/violation of the above provision mentioned in the PPC Act 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 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

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

1.2.3 Donor projects without MOU/ Contract Agreement

Observation

- 1.2.3.1 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.

1.2.3.2 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:**

Table 5: Donor projects without MOU/ Contract Agreements

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

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

Recommendation

1.2.3.4 The Management should provide contractual agreements or Memorandum of Understandings.

1.2.3.5 Going forward, Management should maintain and provide all contract agreements or Memorandum of Understandings.

Management's Response

1.2.3.6 *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 premises couple with the shifting of documents 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

1.2.3.7 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.

1.2.4 **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 pre-numbering its vouchers.

1.2.4.5 Going forward, Management should ensure that a pre-numbered Payment Voucher is instituted by 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 such compliance as agreed. However, I agree that Management needs to ensure this moving forward.*

Auditor General's Position

1.2.4.7 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.

1.2.5 **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 Acts 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 As a result, we could not carry on physical verification of fixed assets to establish the ownership of assets acquired for the period under review. **See table 6 below for detail.**

Table 6: 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 An incomplete fixed asset Register without dates of acquisition, cost, Serial Numbers and assignee could be vulnerable to theft and abuse.

Recommendation

- 1.2.5.6 The Management should 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 Going forward, Management should provide complete fixed assets Register for all assets acquired.

Management's Response

- 1.2.5.9 *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 ensuring fiscal period.*

Auditor General's Position

- 1.2.5.10 **We acknowledge Management's** acceptance of our recommendation. However, Management should produce an Asset 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. 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 7 below:

Table 7: Personnel files 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.*

Auditor General's Position

- 1.2.7.6 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 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 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 Committee of Sponsoring Organization (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, we recommend that 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*

department. 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 regulations 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 function to validate the functions of the internal auditors for the periods under review.

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 for the periods under review.

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.

1.3.4.8 **Policies and Procedures at LIBR**

Observation

1.3.4.9 The Committee on Sponsoring Organizations of the Tread way Commission (COSO) internal 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.

- 1.3.4.10 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

- 1.3.4.11 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

- 1.3.4.12 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

- 1.3.4.13 *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

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

1.3.5 **Segregation of Duties**

Observation

- 1.3.5.1 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."**

- 1.3.5.2 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

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

Recommendation

- 1.3.5.4 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

- 1.3.5.5 *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 operations of the entity.*

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.

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.



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Auditor General. R.L.

Monrovia, Liberia
July, 2017

EXHIBIT

