



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On The Audit of Montserrado
County Administration Funds**

**For the Period July 1, 2013
to June 30, 2014**

December 2016



**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
Corp.	Corporation
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
LBR	Liberia Business Registry
LBDI	Liberia Bank for Development & Investment
PFM Act	Public Finance Management Act
PMC	Project Management Committee
PPC Act	Public Procurement Concessions Act
PPCC	Public Procurement and Concessions Commission
TOR	Terms of Reference
US\$	United States Dollar
SDF	Social Development Fund



Compliance Report on the Montserrado County Administration Funds for the Period July 1, 2013 to June 30, 2014.

We have audited the activities and financial transactions of the Montserrado County Administration Funds in compliance with relevant laws and regulations for the periods 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

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 Montserrado 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 Montserrado County Administration is aware of 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 Montserrado County Administration Funds based on our audit. Our audit was conducted in accordance with the International Standard 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 Montserrado 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 Montserrado County Administration made payments amounting to US\$53,766.27 (Fifty-three thousand, Seven hundred and sixty-six United States dollars, twenty-seven cents) without adequate supporting documentation to assure the regularity of the transactions.

Montserrado County Administration made payments of US\$122,000.00 (One Hundred and Twenty-two Thousand United States Dollars) to PMC Treasurer for purchases of sporting materials rather than make the payment to the service providers. Of this amount, there was no evidence that the payment of US\$43,000.00 for various teams and technical staffs, county meet were received by the intended beneficiaries.

The Montserrado County Administration provided Financial Aid/ Scholarships to students in the amount of S\$110,634.91 (One hundred and ten thousand, six hundred and thirty-four United States dollars, ninety-one cents) without evidence of a documented policy to regulate the provision of the scholarships/financial aid. The County Administration did not also provide a list of scholarships/financial aid recipients for the amount of US\$44,628.16, therefore, we could not provide assurance that the amount was utilized for the intended purpose.

The Montserrado County Administration could not produce for verification, 6 (six) out of (10) motorbikes purchased by the County Administration. Also, there was no log or document to identify the assignees of the individual assets.

Fourteen (14) construction contracts entered into by the Montserrado County Administration and vendors had no completion dates for the execution of these contracts and/or projects. Also, there were no provisions enshrined in the contracts to monitor and evaluate project deliverables before installment payments were made. Additionally, the contracts were not notarized and there were no provisions for the issuance of certificate of completion for completed projects.

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 Montserrado County Administration are not in compliance, in all material respects, with stated laws and regulations.


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

Monrovia, Liberia
December 2016



BACKGROUND

Background of the Montserrado County Administration Funds Audit

On August 6, 2015, the Auditor General of Liberia was requested by the Office of the President through the Minister of Internal Affairs to conduct an audit of the Montserrado County Administration Funds for periods July 1, 2013 to June 30, 2015. The Audit of the Montserrado County Administration Funds was commissioned on July 12, 2016.

The purpose of the Montserrado County Administration funds as outline in the National Budget document is to enhance security and foster conflict resolution; upgrade/rebuild infrastructure and broaden socio-economic services to the residents of the County.

For the period audited, the Montserrado County Administration had available in its First International Bank account US\$ **2,024,860.00** to fund activities for the period. In the same period, the county disbursed **US\$ 2,049,423.32** per the county disbursement report for projects approved by the Montserrado County Development Council, thereby resulting to a variance of **US\$ 24, 563.32**. Management asserted that the variance is due to bank overdraft. **Refer to Table 1 below for a breakout of receipts.**

Table 1: Schedule of Receipts

Date	Source	Check #	Amount US\$
	Bank Balance B/F	N/A	487,360.00
12/6/2013	GOL	14287	537,241.73
12/6/2013	GOL	7512	200,258.27
21/05/14	GOL	033383	800,000.00
			2,024,860.00

Montserrado County had the following management personnel who handled the administrative and financial affairs of the County for the periods under audit.

Table 2: Key Personnel

No.	Name	Position	Tenure
1.	Hon. Florence Brandy	Former Superintendent	2012- present
2.	Hon. Sylvester Lama	Assistant Superintendent/Development	2012-present
	Hon. George Zinnah	Assistant Superintendent/ Fiscal Affairs	2015-present
3.	Mrs. Bellow M. W. Dennis	Project Management Committee (PMC)- Chairman	2013-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 Montserrado Administration Funds for the period July 1,2013 to June 30, 2014 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 Standards of Supreme Audit Institutions



(ISSAIs), 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 Montserrat 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 objectives.

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.

Limitation of Responsibility

We reviewed the systems and management controls operated by the Montserrat 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 Payments without Adequate Supporting Documentation

1.1.1.1 Regulation P.9 (2) of the Public Financial Management (PFM) of 2009 states that "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 that the Montserrado County Administration made payments amounting to **US\$68,776.27** (Sixty-eight thousand, seven hundred and seventy-six thousand United States dollars, twenty-seven cents) without adequate supporting documentation.

Risk

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

Recommendation

1.1.1.4 The Montserrado County Administration should provide the necessary supporting documentation.

1.1.1.5 Going forward, the county Administration should ensure that all supporting documentation is attached to payment vouchers before payments are made.

Management Response

1.1.1.6 *With reference to your findings; please find attached support documentation which we believe will offset the issues raised in your observation. Going forward, we will ensure, at all times, that payments are made with adequate supporting documentation. Please see attached Land Resettlement Resolution for Public land in district # 1, delivery note from PMT for office equipment, county resolution for land purchase, surveying and probating of district #5 lands. Also see attached three quotations for repairs and maintenance for damaged vehicles. For payment made to LWSC, there was no contract agreement rather, an invoice was submitted for payment, the Resolution for the payment of the land in District # 3 as well as the 2015/2016 resolution for the surveying and probation for this land which will be implemented this F/Y procurement plan(please refer to the attachments).*

Auditor General's Response

1.1.1.7 We reviewed documents provided by the County Administration which amounts to US\$15,010.00. Therefore, we have adjusted the payment without adequate supporting documentation to US\$53,766.27 (\$68,776.27- \$15,010.00) to be accounted for by the County Administration. Refer to Appendix 1 for details.



1.1.2 Payments to Third Party

Observation

1.1.2.1 Regulation B. 28 of the PFM Act of 2009 states that "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."

1.1.2.2 It was observed during the conduct of the audit that the Montserrado County Administration made payments of **US\$122,000.00** (One Hundred and Twenty-two Thousand United States Dollars) to PMC Treasurer, K. Solomon Sawyer for purchases of sporting materials rather than make the payment to the service providers. **Refer to Appendix 2 for details.**

Risk

1.1.2.3 Checks raised in the names of employees or individuals for procurement of goods /services could be diverted to personal use thus leading to misappropriation of funds.

Recommendation

1.1.2.4 The Montserrado County Administration should provide substantive justification for authorizing payments in the name of Mr. Solomon Sawyer rather than in the name of the service providers.

1.1.2.5 Going forward, the county Administration should make payments only in the name of vendors it transacted business with.

Management Response

1.1.2.6 *Payments made to K. Solomon Sawyer (PMC Treasurer) were duly authorized by the Montserrado County Administration. He was authorized to make the payments to the Montserrado County Sports Association and purchase sporting materials, pay caterers, pay hotels as well as pay Daily Sustenance Allowance to the County team. There was evidence that the said money was disbursed by Mr. Sawyer and there should be no reason to question the validity of said transaction.*

Auditor General's Response

1.1.2.7 We reviewed documents relating to the third party payments made to K. Solomon Sawyer, PMC Treasurer. There was no evidence that payment amounting to US\$43,000.00 were received by the intended beneficiaries. Therefore, The PMC Treasurer, K. Solomon Sawyer should account for the amount. Also, the County Administration should be held accountable for breach of financial discipline in line with PFM Regulation A. 20, PFM Act of 2009 for making third party in the name of a county official.



1.1.3 Bank Reconciliation

Observation

- 1.1.3.1 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."
- 1.1.3.2 It was observed during the conduct of the audit that the Montserrado County Administration did not perform any bank reconciliations for the period under audit.

Risk

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

Recommendation

- 1.1.3.4 The Montserrado County Administration should provide substantive justification for failing to prepare financial statement.
- 1.1.3.5 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

- 1.1.3.6 *We acknowledged that there were no bank reconciliations carryout for the period audited. We have instructed the Project Management Committee (PMC) to ensure a monthly bank reconciliation which will be approved by Assistant Superintendent/ Fiscal Affairs.*

Auditor General's Response

- 1.1.3.7 We acknowledge Management's acceptance of our recommendation; however, the County Administration should be held accountable for breach of financial discipline in line with Regulation A.20, PFM Act of 2009.

1.1.4 Withholding Taxes

Observation

- 1.1.4.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 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".



- 1.1.4.2 It was observed during the conduct of the audit that the Montserrado County Administration did not withhold and remit into Government of Liberia Revenue Accounts the amount of **US\$129,438.36** (One Hundred twenty-nine thousand, four hundred and thirty-eight thousand United States dollars, thirty-six cents) taxes from various vendors for procurement of goods, services, and works. Refer to **Appendix 3 for details. Note: Appendix 3 is not exhaustive; withholding taxes were computed based on the review of payments supported by payment vouchers.**

Risk

- 1.1.4.3 Failure to deduct and remit withholding taxes could deny Government of the needed Tax Revenue.

Recommendation

- 1.1.4.4 The Montserrado County Administration should provide material justification for not withholding and remitting applicable taxes in GoL Account. Additionally,
- 1.1.4.5 Going forward, the Montserrado County Administration should ensure that all applicable taxes are withheld and remitted timely to GOL Revenue Account.
- 1.1.4.6 Additionally, the unremitted taxes, associated interest and penalties should be computed and remitted to GOL Account.

Management Response

- 1.1.4.7 *We agreed with your observation that withholding taxes have not been withheld for the period under audit. This is due to the fact that we were not cognizant of the law. Going forward, we will ensure that all applicable taxes are deducted and remitted in GOL revenue. Additionally, we are planning awareness and sensitization workshop for contractors/vendors, Project Management Committee, Project Management Team and the Assistant Superintendent for Fiscal Affairs on the Liberia Revenue Code with specific emphasis on withholding tax and income tax.*

Auditor General's Response

- 1.1.4.8 We acknowledge Management's acceptance of our recommendation; however, the unpaid taxes and associated interest and penalties should be remitted to the Liberia Revenue Authority within the period of 30 days after the submission of the report to the National Legislature.

1.2 Compliance Issues

1.2.1 Financial Aid/Scholarship

Observation

- 1.2.1.1 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.

1.2.1.2 It was observed during the conduct of the audit that Montserrat County Administration, from vouchers reviewed, provided Financial Aid/ Scholarship to students in the tone of **US\$110,634.91** (One hundred and ten thousand, six hundred and thirty-four United States dollars, ninety-one cents) without evidence of a documented policy to regulate the provision of said funds.

1.2.1.3 It was also observed that beneficiaries of the Financial Aid/Scholarship were not subjected to any competitive process. **Refer Appendix 4 for details.**

Risk

1.2.1.4 The lack of documented policies and procedures to regulate Financial Aid/ Scholarship may lead to discretionary decisions and abuse of public funds.

Recommendation

1.2.1.5 The Montserrat County Administration should ensure that policies and procedures are put in place to guide the provision of Financial Aid/Scholarship to students of the County.

1.2.1.6 The Montserrat County Administration should provide the full listing of the scholarship/ financial aid beneficiaries for verification.

Management Response

1.2.1.7 *Please refer to the attach documents for the full listing of scholarship beneficiaries and the financial aid policy. We believe these documents will address the findings raised in your observation. At the same, we are conferring with District Development Council (DDC) on ways to improve the financial aid schemes with the goal of making it work more effectively.*

Auditor General's Response

1.2.1.8 We reviewed the documents provided by the County Administration which amounts to US\$66,006.75. Therefore, we have adjusted the payments for Financial Aid without the listings of beneficiaries to US\$44,628.16 (\$110,634.91 - \$66,006.75) to be accounted for by the County Administration.

1.2.2 Fixed Asset Management

Observation

1.2.2.1 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".



1.2.2.2 It was observed during the conduct of the audit that the Montserrado County Administration did not maintain fixed assets registry that would show a list of coded assets, location and current condition.

1.2.2.3 It was also observed during physical verification of assets selected from the payment vouchers that the Montserrado County Administration could not produce for our verification, seven (7) out of ten (10) motorbikes that were purchased by the County Administration.

1.2.2.4 Also, there was no log or documents to support and identify the assignees of the individual assets. **Refer to Appendix 5.**

Risk

1.2.2.5 In the absence of fixed assets listing, the ownership and existence of the projects assets cannot be assured and fixed assets could be converted to personal use.

Recommendation

1.2.2.6 The Montserrado County Administration should provide material justification for not providing for inspection seven (7) of the ten (10) motorbikes purchased by the County administration.

1.2.2.7 Going forward, the Montserrado County Administration should provide fixed assets listing for all assets acquired and disposed for the period under audit

1.2.2.8 Additionally, proper fixed assets internal controls policies and procedures aligned with PFM regulations should be adopted and implemented for the maintenance of fixed assets.

Management Response

1.2.2.9 *We agree with your observation that there is no fixed assets registry. Consequently, we have begun the drafting of fixed assets internal controls and policies to guide the usage of the County's assets. We have also set up a fleet management team at the County level to monitor all movable assets (vehicles & motorbikes) of the County Administration. We have also begun the process of coding all fixed assets of the County. For the 7 motorbikes that were not inspected during the physical verification of your audit team, we want to state that these motorbikes are not in good shape. They were assigned to commissioners in rural Montserrado County thus; it became difficult to have these bikes transported for physical verification. However, we will ensure that these bikes are brought at your office next week for physical verification.*

Auditor General's Response

1.2.2.10 We acknowledge Management's acceptance of our recommendation. On the issue of the motorbike not verified, the County Administration made available one motorbike for verification by the GAC. Therefore, the County Administration should account for the remaining six (6) motorbikes. Additionally, if the motorbikes are not in good shape as



asserted by management, management should inform the GSA to dispose or take possession of the motorbikes.

1.2.3 Contract Administration

Observation

1.2.3.1 Section 41 of the Amended and Restated PPC Act of 2005 & 2010 states that "(1) The Procuring Entity shall be responsible for the administration and monitoring of the contracts entered into by the entity. The functions shall include at least the following:

- ensuring that the contractor complies with the specifications and the terms of the contract;
- ensuring that the contract is being performed on schedule;
- ensuring that payment made to the contractor are in accordance with the terms of the contract;

- determining when a contract has been successfully performed which will entitle the conditions to final payment

- 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 fourteen (14) construction contracts entered into by the Montserrado County Administration and vendors had no completion dates for the execution of these contracts and/or projects.

1.2.3.3 Also, there were no provisions enshrined in the contracts to monitor and evaluate project deliverables before installment payments were made.

1.2.3.4 Additionally, the contracts were not notarized and there were no provisions for the issuance of certificate of completion for completed projects. **Refer to Appendix 6 for details.**

Risk

1.2.3.5 Failure to ensure contract terms are monitored and evaluated could lead to project objectives not being achieved.

Recommendation

1.2.3.6 The Montserrado County Administration should provide material justification for not attaching completion dates to project contracts and provisions for monitoring and evaluation.



- 1.2.3.7 Going forward, the Montserrat County Administration should ensure that contracts for the implementation of projects should ensure effective mechanisms for the monitoring of project deliverables and target dates of completion.

Management Response

- 1.2.3.8 *The justification for not including start and end dates is due to the unavailability of resources from the Ministry of Finance & Development Planning (MFDP) to execute projects. There is no definite date as to when funding is release by MFDP hence; we could not obligate our vendors when to begin and start projects as our projects are pre-financed by the Banks who take almost two months to perform their due diligence. Going forward, we will ensure that contract for projects are notarized.*

Auditor General's Response

- 1.2.3.9 Delays in receiving allotments from the MFDP should not be used as a basis for removing the completion dates from contract documents. Section 41 of the Amended and Restated PPC Act of 2005 & 2010 specifically outlined what should be the contents of a Government contract. Additionally, the Management should consider an addendum to the contract if there appears to be unforeseen financial delay. Therefore, management should be held accountable for the violation of PPC Act.

1.2.4 Abandoned Projects

Observation

- 1.2.4.1 Section 41 of the Amended and Restated PPC Act of 2005 & 2010 states that "(1) The Procuring Entity shall be responsible for the administration and monitoring of the contracts entered into by the entity. The functions shall include at least the following:

- ensuring that the contractor complies with the specifications and the terms of the contract;
- ensuring that the contract is being performed on schedule;
- ensuring that payment made to the contractor are in accordance with the terms of the contract;
- determining when a contract has been successfully performed which will entitle the conditions to final payment
- 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".

- 1.2.4.2 It was observed during the conduct of the audit that construction works on the LPRC Town Hall project in district #12, the Road Rehabilitation project in district #4 and the Virginia



Multi- Purpose building appear abandoned by contractors.

Refer to photos below for status of the projects:



GAC Photo: A Partial view of the LPRC Town Hall Project



GAC Photo: A Partial View of the District #4 Road Rehabilitation Project



GAC Photo: Partial view Virginia Multi- Purpose building in district #17, Montserrado County

1.2.4.3 According to the contract documents, these projects were contracted to Desire Construction Company, East International and Kasthom Construction Company respectively. The contracts for these projects were signed on December 9, 2013 but there were no dates of completion enshrined in the contract documents.

1.2.4.4 Additionally, the Project Management Committee and the Project Management Team appear to not have been regularly monitoring these projects. We requested but were not provided project assessment reports, engineering reports or other evidence of monitoring and supervision. **See Table 3 for details.**

Table 3: Abandoned Projects

No.	Project/ Location	Contractor	Project Start Date	Project Completion Date	Project cost (US\$)	Amount (US\$) Paid to Date	Project Status
1	LPRC Town Hall	NAFAPD	December 9, 2013	NIL	215,335.96	90,000.00	Appears Abandoned
2	Rehabilitation of Feeder Roads (District 4)	East International	December 9, 2013	NIL	235,199.82	100,000.00	Appears Abandoned
3	VIRGINIA MULTI-PURPOSE BLDG	Kasthom Construction	December 9, 2013	NIL	175,987.00	50,000.00	Appears Abandoned
Total					626,522.78	240,000.00	

Risk

1.2.4.5 The untimely completion of Projects or Programs could lead to delay or the non-achievement of the Development council's objectives. The lack of supervision over the implementation of projects could lead to non-achievement of the project objectives.

Recommendation

1.2.4.6 The Montserrado County Administration should provide material justification for not completing and/or inserting dates of completion in project contracts. The Montserrado County Administration should ensure regular supervision over the implementation of projects.

Management Response

1.2.4.7 *These projects are not abandoned but due to the lack of funding from MFDP. We are indebted to our contractors most of whom are also obligated to banks after securing loan to start our project. Our projects are monitored and supervised by Montserrado County resident engineer at the Ministry of Public Works.*



Auditor General's Response

- 1.2.4.8 During physical verification of the projects, there was no evidence of ongoing construction works. The County Administration should ensure that funding is available before consummating a contract to avoid indebting the Government to contractors. Therefore, management should be held accountable for the abandoned projects and a breach of Section 41 of the Amended and Restated PPC Act of 2005 & 2010.

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 Montserrat County Administration did not develop and/or communicate policies, guidance or procedures on the following activities, among others:

- General Accounting and Ledger maintenance, including account reconciliations
- Fixed Assets
- Financial Aid/Scholarship procedures and processing
- Internal Controls
- Document management and retention

Risk

- 1.2.5.3 The lack of policies and procedures to regulate activities may lead to discretionary decisions and abuse of public funds.

Recommendation

- 1.2.5.4 The Montserrat County Administration should ensure that policies and procedures are put in place to guide the activities noted above.

Management Response

- 1.2.5.5 *We have begun the process of developing internal controls, financial controls, fixed assets policy, bank reconciliation procedures and management of our documentation. We believe that these policies will assist us in our financial and operational activities.*

Auditor General's Response

- 1.2.5.6 We acknowledge Management's acceptance of our recommendation; we will make a follow



up on the implementation of our recommendation during subsequent audit.

1.2.6 Preparation of Financial Statements

- 1.2.6.1 PFM regulation A.1 (2) states that "Ministries agencies, and state owned enterprises shall provide financial information to the public which is accessible to the majority of the population. This will include, but not restricted to: establishing a focal point to facilitate access to financial information, making information available in the media, in local languages, in popular and summarized form and through appropriate use of the Internet."
- 1.2.6.2 Regulation I.15. (2) of the PFM Act of 2009 states that "A head of government agency who fails to submit financial statements of the Government agency is in breach of financial discipline as defined in regulation A.20."
- 1.2.6.3 It was observed during the conduct of the audit that the Montserrado County Administration did not prepare and present financial statements in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS), standards adopted by the Government of Liberia to guide the preparation and presentation of financial statements in line ministries and agencies.

Risk

- 1.2.6.4 The failure of the Montserrado County administration to prepare and present financial statement in accordance with IPSAS Cash Basis could deny financial statements users of relevant information important for decision making and accountability.

Recommendation

- 1.2.6.5 The Montserrado County Administration should provide material justification for not preparing a financial statements in accordance with IPSAS Cash Basis.
- 1.2.6.6 Going forward, the Montserrado County Administration should prepare financial statements in accordance with IPSAS Cash Basis.

Management Response

- 1.2.6.7 *We consent that there were no financial statement prepare in accordance with Cash-basis IPSAS for the period audited. We have instructed the Project Management Committee (PMC) to ensure that quarterly financial statements in accordance with Cash basis IPSAS are prepared which will be approved by Assistant Superintendent / Fiscal Affairs.*

Auditor General's Response

- 1.2.6.8 We acknowledge Management's acceptance of our recommendation. However, Management should be held accountable for the breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.



1.2.7 Duty to Institute Effective Internal Controls

Observation

1.2.7.1 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.

1.2.7.2 It was observed during the conduct of the audit that the Montserrat 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

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

Recommendation

1.2.7.4 The Montserrat County Administration should provide substantive justification for not instituting effective internal controls.

1.2.7.5 Going forward, the County Administration should ensure effective internal control measures.

Management Response

1.2.7.6 *We have begun the process of developing internal controls, financials controls, fixed assets policy, bank reconciliation procedures and management of our documentation. We believe that these policies will assist us in our financial and operational activities.*

Auditor General's Response

1.2.7.7 We acknowledge Management's acceptance of our recommendation. However, Management should be held accountable for the breach of financial discipline in with PFM Regulation A.20 of the PFM Act of 2009..



2 ACKNOWLEDGEMENT

- 2.1 We acknowledge the cooperation and assistance provided to the GAC Audit Team by the staff of the Montserrado County Administration, other individuals and institutions. The efforts and commitment of GAC staff in conducting this audit are also gratefully acknowledged.


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

Monrovia, Liberia
December 2016



APPENDIX



Appendix 1: Payments without adequate supporting documentation

No.	Date	Payee	Description	Vouchers #	Check #	Amount US\$	Documentation Attached To Voucher	Documentation Missing
1	5/26/2014	Danny Buegar	As payment of additional land purchase for the District # 3 adm. Building	0205	2249019	15,000.00	receipt, payment request	Land Deed
2	2/19/2014	Matthew K. Clark, Jr.	As payment for the purchasing of 3 lots of land in District # 3 for the construction of adm. Building hall.	0165	2248894	15,000.00	payment request, receipt	Land deed
5	03/03/2014	Kpadeh Sulon	As payment for the purchasing of Land in Todee District in District # 1 (Nyan public School)	0172	2248978	8,000.00	payment request, resolution, official receipt	Land deed County resolution
6	4/28/2014	LWSC	As payment for the provision of water supply in rock hill community District #6	0198	2249010	9,661.27	receipt, payment request, County resolution	contract agreement
7	6/3/2014	Charles F. Caine	As payment for the probating of the District # 5 land documents	0231	2249056	2,000.00	payment request, check, official& receipt	Land deed, County resolution
8	3/22/2014	New Age Diagnostic	As payment for maintenance and repair for damaged vehicle	0189	2249900	4,105.00	Receipt, check, payment request	Three quotations
						53,766.27		

Appendix 2: Payments to third party

No.	Date	Description	Third Party	Second Party	Check #	Amount US\$
1	1/9/2014	Payment for various teams and technical staffs county meet.	K. Solomon Sawyer	Montserrat County Sports Association	2248878	43,000.00
2	12/13/2014	Payments for specialized materials County meet.	K. Solomon Sawyer	Montserrat County Sports Association	2224501	79,000.00
						122,000.00



Appendix 3: Withholding Tax							
No.	Date	Payee	Voucher #	Check #	Payment (US\$)	Tax Rate	Tax Amount
1	5/26/2014	East International Group	203	2249022	100,000.00	10%	10,000.00
2	5/26/2014	East International Group	207	2249021	80,000.00	10%	8,000.00
3	3/4/2014	Modern Construction	167	2248897	61,033.00	10%	6,103.30
4	2/10/2014	Twin Business Group	161	2248890	82,599.19	10%	8,259.92
5	5/27/2014	National Foundation	225	2259050	29,500.00	10%	2,950.00
6	3/7/2014	Wologizzi Construction Company	170	2248976	30,000.00	10%	3,000.00
7	5/26/2014	Varney Construction Service	215	2249031	30,736.57	10%	3,073.66
8	3/13/2014	Twin Business Group	176	2248984	32,639.27	10%	3,263.93
9	3/5/2014	Varney Construction Service	168	2248898	35,736.57	10%	3,573.66
10	3/19/2014	Modern Construction	164	2248893	38,767.60	10%	3,876.76
11	2/19/2014	Milton Robinsons & sons	162	2248891	39,777.67	10%	3,977.77
12	3/7/2014	GRACE	173	2248979	40,075.00	10%	4,007.50
13	5/26/2014	Modern Construction	210	2249035	44,659.10	10%	4,465.91
14	5/26/2014	Kasthom Construction	213	2249028	50,000.00	10%	5,000.00
15	5/26/2014	Kasthom Construction	212	2249027	50,000.00	10%	5,000.00
16	3/7/2014	East International Group	171	2248977	105,000.00	10%	10,500.00
17	3/7/2014	Kasthom Construction	169	2248900	77,500.00	10%	7,750.00
18	5/26/2014	Safety Plus Construction	204	2249018	50,000.00	10%	5,000.00
19	5/28/2014	NAFAPD	226	2249057	10,200.00	10%	1,020.00
20	3/13/2014	Kasthom Construction	179	2248987	12,500.00	10%	1,250.00
21	1/20/2014	God Gift Construction	156	2248884	12,781.00	10%	1,278.10
22	3/13/2014	Kasthom Construction	178	2248986	14,000.00	10%	1,400.00
23	3/22/2014	Kasthom Construction	187	2248997	14,147.00	10%	1,414.70
24	6/3/2014	Twin Business Group	232	2249057	15,000.00	10%	1,500.00
25	3/13/2014	Wologizzi Construction Company	183	2248992	15,000.00	10%	1,500.00
26	1/17/2014	Kasthom Construction	155	2248883	15,000.00	10%	1,500.00
27	1/20/2014	Modern Construction	157	2248885	17,030.00	10%	1,703.00
28	3/20/2014	Modern Construction	185	2248994	16,374.00	10%	1,637.40
29	4/4/2014	Milton Robinson & Sons	194	2249004	15,911.07	10%	1,591.11
30	5/26/2014	Twin Business Group	211	2249026	29,000.00	10%	2,900.00
31	5/26/2014	GRACE	222	2249038	20,000.00	10%	2,000.00



Appendix 3: Withholding Tax							
No.	Date	Payee	Voucher #	Check #	Payment (US\$)	Tax Rate	Tax Amount
32	5/26/2014	Milton Robinson & Son	220	2249036	21,866.59	10%	2,186.66
33	5/26/2014	National Group of Company	206	2249020	18,000.00	10%	1,800.00
34	2/19/2014	National Group of Company	163	2248892	27,250.00	10%	2,725.00
35	5/26/2014	Milton Robinson & Sons	221	2249037	10,000.00	10%	1,000.00
36	3/7/2014	God Gift Construction	174	2248982	7,500.00	10%	750.00
37	5/26/2014	Modern Construction	223	2249039	10,000.00	10%	1,000.00
38	5/26/2014	Modern Construction	217	2249033	9,500.00	10%	950.00
39	3/13/2014	Varney Construction Service	182	2248991	5,300.00	10%	530.00
							129,438.36

Appendix 4: Payments for Financial Aid/ Scholarship							
No.	Transaction Date	Payee	Description	Check #	Voucher #	Amount (US\$)	Missing Documentation
1	3/20/2014	WAEK William Lee Bonner	Financial Aid D#7	2248995	V0186	10,000.00	Policy document , student listing
2	3/31/2014	WAEK Elizabeth Crawford	Financial Aid D#7	2249004	V0193	9,500.00	Policy document , student listing
3	3/13/2014	WAEK MV Massaquoi	Financial Aid D#7	2248985	V0177	8,500.00	Policy document , student listing
4	4/28/2014	AME University	FINANCIAL AID Sr.SEN.	2249011	V0199	7,590.00	Policy document , student listing
5	3/13/2014	WAEK E. Jonathan Goodridge	Financial Aid D#11	2248988	V0180	6,975.00	Policy document , student listing
6	6/13/2014	Christ the King	FINANCIAL AID D#6	2249082	V0255	6,100.00	Policy document , student listing
7	4/29/2014	WAEK	FINANCIAL AID WAEK D#13	2249015	V0203	6,000.00	Policy document , student listing
8	6/16/2014	Catherdral Catholic Sch	FINANCIAL AID D#7	2249179	V0344	5,663.00	Policy document , student listing
9	3/31/2014	WAEK Christian Academy	Financial Aid D#3	2249001	V0190	5,443.75	Policy document , student listing



Appendix 4: Payments for Financial Aid/ Scholarship							
No.	Transaction Date	Payee	Description	Check #	Voucher #	Amount (US\$)	Missing Documentation
10	6/13/2014	Sam L. Dennis Mem. Insti	FINANCIAL AID D#6	2249067	V0240	4,529.41	Policy document , student listing
11	6/13/2014	Christian Rescue Academy	FINANCIAL AID D#6	2249079	V0252	4,500.00	Policy document , student listing
12	6/13/2014	Rehab Drive Comm. School	FINANCIAL AID D#6	2249077	V0250	4,400.00	Policy document , student listing
13	6/16/2014	Freeway Baptist Sch	FINAICIAL AID D#13	2249180	V0345	4,000.00	Policy document , student listing
14	6/16/2014	Monrovia College Indus. Inst	FINANCIAL AID D#7	2249178	V0343	3,138.00	Policy document , student listing
15	6/16/2014	Noah's Ark High Sch	FINANCIAL D#9	2249146	V0317	2,649.00	Policy document , student listing
16	3/31/2014	WAEC Kalita High School	Financial Aid D#3	2249002	V0191	2,488.75	Policy document , student listing
17	6/16/2014	Grace Baptist Sch	FINANCIAL AID D#11	2249153	V0324	2,335.00	Policy document , student listing
18	6/16/2014	Len Miller Sch	FINANCIAL AID D#9	2249119	V0291	2,315.00	Policy document , student listing
19	3/13/2014	WAEC Elizabeth Tubman	Financial Aid D#11	2248990	V0181	2,306.25	Policy document , student listing
20	6/16/2014	Factory Community Sch	FINANCIAL AID SNR. SENATOR	2249182	V0347	2,100.00	Policy document , student listing
21	6/16/2014	Our Lady Catholic Sch	FINANCIAL AID D#7	2249181	V0346	1,953.00	Policy document , student listing
22	6/16/2014	Mildred Taylor Sch	FINANCIAL AID D#9	2249128	V0300	1,924.00	Policy document , student listing
23	6/16/2014	Calvary Baptist Sch	FINANCIAL AID D#9	2249117	V0289	1,677.00	Policy document , student listing
24	6/16/2014	SOPDE Driving School	FINANCIAL AID D#9	2249154	V0325	1,533.00	Policy document , student listing
25	3/31/2014	WAEC Victoria Williams	Financial Aid D#3	2249003	V0192	1,518.75	Policy document , student



Appendix 4: Payments for Financial Aid/ Scholarship							
No.	Transaction Date	Payee	Description	Check #	Voucher #	Amount (US\$)	Missing Documentation
							listing
26	6/16/2014	Love International Sch	FINANCIAL AID D#9	2249136	V0308	1,496.00	Policy document , student listing
						110,634.91	

Table 5: Fixed Assets listing

No.	Series #	Assets purchased	Assets not Verified	Assets verified	Cost	Variance	Comment
1	NIL	36 seated Bus	-	1	\$71,072.00	-	Bus in use
2	NIL	3 double Cabins Pickups	-	3	\$100,500.00	-	Pickups not in Use. (parked in Garages)
3	JC156FNITNDSF00698, 156FNID1161525 & TNSDF00670	10 Motorbikes	7	3	\$30,000.00	7	Only Three of the ten motorbikes were inspected
4	N/A	Plots of Land	3	3	\$15,000.00	-	Land Deed not attached to Payment Voucher
5	N/A	Plot of Land	1	1	10,000.00	-	Land Deed not attached to payment voucher

Appendix 6: Projects listing							
No.	Project/ Location	Contractor	Project Start Date	Project Completion Date	Project cost (US\$)	Project Status	Comment
1	Yakpai Town Bridge	Modern Construction	December 9, 2013	NIL	122,066.58	Appears Completed	No Certificate of completion
2	Crozerville Market	Varney Construction	December 9, 2013	NIL	71,473.14	Appears Completed	No Certificate of completion



Appendix 6: Projects listing							
No.	Project/ Location	Contractor	Project Start Date	Project Completion Date	Project cost (US\$)	Project Status	Comment
3	Construction of Peace Park	Kasthom Company Inc.	December 9, 2013	NIL	155,000.00	Ongoing	No Engineer Report/Project Assessment report , Bill of Quantity
4	Hand Pump Construction	Wologisi	December 9, 2013	NIL	60,000.00	Appears completed	No Certificate Completion
5	LPRC Town Hall	NAFAPD	December 9, 2013	NIL	215,335.96	Abandoned	No Engineer Report/Project Assessment report , Bill of Quantity
6	New Georgia Health Center	Group of Architects	December 9, 2013	NIL	80,150.43	Ongoing	No Engineer Report/Project Assessment report , Bill of Quantity
7	District 16 Town Hall	Desire Construction Company	April 23, 2014	NIL	130,000	Ongoing	No Engineer Report/Project Assessment report , Bill of Quantity
8	Arthington City Hall Renovation	J-5 Construction Company	April 25, 2013	NIL	48,000.00	Ongoing	No Engineer Report/Project Assessment report , Bill of Quantity
9	Johnsonville Health Center	Milton Robinson & Sons Inc.	December 9, 2013	NIL	79,555.33	Appears Completed	No Certificate of completion
10	Rehabilitation of Feeder Road (District 10)	East International	December 9, 2013	NIL	210,000.00	Appears Completed	No Certificate of completion
11	District 3 Community Center	Safty Plus	December 9, 2013	NIL	95,252.24	Ongoing	No Engineer Report/Project Assessment report , Bill of Quantity
12	West Point Town Hall	Kasthom Company Inc.	October 25, 2013	NIL	49,000.00	Appears Completed	No Certificate of Completion



Appendix 6: Projects listing							
No.	Project/ Location	Contractor	Project Start Date	Project Completion Date	Project cost (US\$)	Project Status	Comment
13	Virginia Multi – purpose building	Kasthom Company Inc.	December 9, 2013	NIL	175,987.00	Abandoned	No Engineer Report/Project Assessment report , Bill of Quantity
14	Rehabilitation of Feeder Roads (District 4)	East International	December 9, 2013	NIL	235,199.82	Abandoned	No Engineer Report/Project Assessment report , Bill of Quantity



ANNEXURE



Annexure 1

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.

2.2 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 MONTSERRADO, 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



Annexure 3:

Section 905. Withholding of Tax on Payments to Residents (a) Payments.

A person listed in this subsection who makes a payment of the kind specified in this section is required to withhold tax at the rate specified in this section. The payor is treated as a withholding agent for all purposes of this Code. This subsection applies to the following types of persons: (1) a resident legal or natural person; (2) a nonresident with a branch in Liberia or doing business in Liberia; (3) a government agency; or (4) unless expressly exempted by international agreement or treaty, a nongovernmental organization operating in Liberia or a diplomatic mission to Liberia. (b) Interest, Dividends, Royalties, License Fees, and Similar Payments.

A payor who makes a payment to a resident of non-exempt interest, dividends, royalties, license fees, or other income (except rent) derived from rights in property (including any form of intellectual property), including a payment in respect of mineral rights, is required to withhold tax at a rate of 15 percent of the amount of the payment. (c) Gaming Winnings. A payor who makes a payment to a resident of winnings from gaming within Liberia is required to withhold tax at a rate of 20 percent of the amount of the payment.

(d) Payers of Rent. A payor who makes a payment to a resident of rent is required to withhold tax at a rate of 10 percent of the amount of each payment if the total amount of rental payments made during a 12-month period is expected to be \$70,000 or more. (e) Payments of Wages or Salary to Employees. A payor who makes a payment of wages or salaries to an employee in an amount that during the tax year exceeds the standard deduction amount of Section 205(a) is required to withhold tax from each payment in accordance with the income tax rates specified in Section 200(a).

(f) Payments for Services Rendered. (a) If a payor makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payor is required to withhold tax at the rate of 10 percent of the amount of the payment. (b) This subsection applies only if— (1) the payment is of a sort includible in gross income under Section 201 (including Board fees, management fees, commissions, and the like); and (2) the payment is \$100,000 or more (or of any amount if the total amount of payments made to the payee is (or is expected to be) \$1,000,000 or more for the payer's tax year). (c) A payment for the acquisition of goods is not a payment for services rendered. If the payment is for a mixture of goods and services, withholding is required only on the portion of the payment that is allocable to the services.

(g) Payments of Acquisition Price. A payor who makes a payment to a resident representing all or part of the acquisition price of an investment asset in Liberia is required to withhold tax at the rate of 10 percent of the amount of the payment. (1) For purposes of this subsection, the term "investment asset" means a direct or indirect interest in real property located in Liberia, shares of stock in a resident legal person, or an ownership interest or rights in a partnership, joint venture, or similar arrangement that has significant operations, property, or property rights in Liberia. (2) This subsection does not apply if the investment asset is an ownership interest in a legal person described in Section 801(b) or (c). (h) Special Rule for Payments by Mining, Petroleum, and Renewable Resource Projects and Registered Manufacturers. In lieu of the rates otherwise applicable under this section,



in the case of the following types of payments made to a resident by a mining project producer, petroleum project producer, or renewable resource project contract holder, the withholding rates stated below apply to the following withholding obligations— (1) Interest, 5 percent. (2) Dividends, 5 percent. (3) Payments for services, 6 percent.

(i) Payments to High-Risk Suppliers. If a payor makes a payment to a high-risk supplier of goods, the payor must withhold tax at the rate (not to exceed 20 percent) specified in regulations. The term "high-risk supplier" means a person in a category of suppliers identified in regulations as presenting a high risk of tax avoidance. (j) Withholding Requirements, Remittance, And Statement. Within 10 days after the last day of a month, a payor described in (a) is required to remit to the tax authorities the total amount required to be withheld during that month. Each remittance of tax under this section must be accompanied by a statement specifying the name and address of each resident to whom a payment was made, the type and amount of each payment, and the amount of tax withheld (and, if the Minister requests, underlying documentation in accordance with Section 55, including contracts).

The place for remittance is the payor's filing location (designated in Section 50). (k) Treatment Of Withholding. A person who has had tax withheld from a payment during a tax period may claim a credit against income tax due on the income tax return for that period. A person not otherwise required to file an income tax return may elect to file a return to establish entitlement to credit or refund. The rules of Section 72 apply to an overpayment of tax withheld under this section. (l) Information Reporting for Payments to Resident Legal Person.

If a payor described in (a) makes a payment that would be subject to withholding under subsection (f) if made to a natural person, but is made to a resident legal person, then the payor (while not required to withhold tax on such payments) is required to provide the tax authorities with a statement setting out the name, address, and taxpayer identification number of each payee to whom such payments were made, the amount of the payments, and related information requested on the form specified by the Minister. The statement is due within 15 days after the last day of the month in which a payment is made. The place for filing the statement is the withholding agent's filing location (designated in Section 50). (m) Penalties. 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 the Section 52 penalty for late payment and failure to pay. For the purpose of applying the Section 52 penalty to a failure to withhold and remit tax, references in Section 52 to the "payment due date" are to be understood as referring to the remittance due date under this section. A person who fails to provide the tax authorities with a required statement under subsection (l) is subject to a fine of \$10,000 for each required statement not provided. (n) Payments by Government Agency. A government agency that makes a payment to a resident in circumstances other than those described in subsections (a) through (i) is required to withhold a portion of the payment as specified in regulations, but not more than 4%.

Section 200. Tax Imposed (a) Resident Natural Persons.

(1) An annual income tax is hereby imposed on the annual taxable income of every natural person resident in Liberia (including resident Liberian citizens employed by an embassy, a diplomatic mission,



or international organization). (2) The tax is collected during the tax year in accordance with the withholding rules of Section 905 or the advance payment rules of Section 904. (3) The tax rate applicable to the income of a natural person is determined in accordance with the following rate schedule— (A) The tax rate and tax computation shall be as stated in the following table: Tax Table for Resident Natural Persons

Step Taxable Income Of— (Liberian Dollars)	Tax Rate and Computation (Liberian Dollars)
1 0 to 70,000	Nil
2 70,001 to 200,000	5% of the excess over 70,000
3 200,001 to 800,000	6,500 + 15% of the excess over 200,000
4 800,001 and above	96,500 + 25% of the excess over 800,000

(B) If a natural person is required to file an income tax return under Section 900 and that person is a partner in a partnership or a beneficiary of a trust that pays tax under this Part, the amount of tax paid by the partnership or trust is creditable against tax owed by the partners or the beneficiaries and is apportioned among them in accordance with their interests in the partnership or their interest in the trust. (b) Resident Legal Persons. (1) An annual income tax is hereby imposed on the annual taxable income of every legal person resident in Liberia.

(2) Tax is imposed on taxable income at the following rates: (A) For income from activities described in Chapters 6 or 7, as provided in those Chapters; (B) For income of legal persons that derive more than 30 percent of their income from life insurance, a 4% tax on gross receipts from life insurance premiums and 25% on taxable income from other sources of income; (C) For income of other legal persons, 25%. (3) The tax is collected during the tax year in accordance with the withholding rules of Section 905 or the advance payment rules of Section 904. (c) Presumptive Tax for Small Taxpayers. A legal or natural person carrying on a trade or business with turnover of less than \$3,000,000 (three million dollars) per year is a "small taxpayer" who is taxable under this subsection in lieu of the regular income tax imposed by subsection (a) or (b). (1) Tax under this subsection is imposed at the rate of 4% of annual turnover except as specified in paragraph (4). (2) A person taxable under this subsection may elect to be taxed under subsection (a) or (b) (whichever is applicable). A person making the election is required to file a regular income tax return and to comply with all other requirements for income tax filers. (3) The presumptive tax is collected during the tax year in accordance with the withholding rules of Section 905 and the advance payment rules of Section 904, except that it is a final tax unless the taxpayer makes the election under (2). (4) A natural person with annual turnover of less than \$200,000 is a petty trader taxable annually under this paragraph at the following rates: (A) \$2,400 if the petty trader conducts trade or business from a fixed structure with a roof and walls (including an office or workstation located within a personal residence). (B) \$1,200 if the petty trader conducts trade or business from a fixed, open structure with a roof. (C) \$480 (or \$240 if the conduct of the trade or business is exclusively outside Montserrado County) if the petty trader conducts trade or business other than as described in (A) or (B).

(d) Exempt Persons. Exempt persons (defined in Section 9) are exempt from income taxation under this Part. If an exempt person's exempt status depends on an international agreement, the exemption from income taxation is available only to the extent permitted under the international agreement. (e) Regulations. Regulations may specify the procedures to be followed for collection of (i) income tax and petty trader tax imposed under this section, (ii) advance payments under the advance payment provisions of Section 904, and (iii) tax withheld under the withholding provisions of Section 905.



Section 201. Taxable Income

(b) Gross Income. Gross income for income tax purpose means the aggregate of all income earned, from wherever source derived by a tax payer during a tax year. Examples of items included in gross income are: (3) non-exempt interest, rents, royalties, and non-exempt dividends; (6) gain on the disposition of property (whether real or personal, tangible or intangible) used in a business or held for investment (including gain sometimes called "capital gain").

