



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On The Audit of the John F.
Kennedy Medical Center
(JFKMC)

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

October, 2017

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

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS.....	9
1.1	Discrepancy in Revenue Receipts	9
1.2	Over Expenditure	10
1.3	Donations and Contributions.....	11
1.4	Internally Generated Revenue	13
1.5	Discrepancy in financial reporting.....	14
1.6	Payment without Adequate Supporting Documents	15
1.7	Undisclosed Bank Balances.....	16
1.8	Unauthorized Bank Transfers.....	18
1.9	Stamping of Payment Document.....	20
1.10	Approved Procurement Plan	21
1.11	Procurement Splitting	21
1.12	Taxes not withheld.....	22
1.13	Store Room Management.....	23
1.14	Accounting Procedures Manual	24
1.15	Proper Records and Books of Accounts	25
1.16	Deletion and Reversal of Transactions	26
1.17	Absence without Leave	27
1.18	Employees' Files.....	29
1.19	Employees for Retirement	29
1.20	Payroll	30
1.21	Double Emoluments	32
1.22	NASSCORP'S Contributions.....	33
1.23	Employees on Probation.....	34
1.24	General Allowance.....	35
1.25	Work Permit	35
1.26	Employees on the Payroll but not on Personnel List.....	36
1.27	Audit Committee	38
1.28	Internal Audit	38
1.29	Lack of Policies	39
1.30	Fixed Assets Registry.....	40
1.31	Risk Management Policy.....	41
1.32	Organizational Structure	41
1.33	IT Security Policy	42
1.34	IT Strategic Plan	43
1.35	Disaster Recovery Plan	44
2	ACKNOWLEDGEMENT	45
	See Annexure on CD Attached	46

Acronym & Meaning

Acronym	Meaning
JFKMC	John F. Kennedy Medical Center
AIDS	Acquire Immune Disease Syndrome
DOA	Dead On Arrival
FFS	Fees For Service
FY	Fiscal Year
LJFMH	Liberian-Japanese Friendship Maternity Hospital
PSIP	Public Special Investment Projects
GA	General Administration
CEO	Chief Executive Officer
CMO	Chief Medical Officer
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
CSA	Civil Service Agency
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
GoL	Government of Liberia
HR	Human Resource
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
MoF	Ministry of Finance
PFM Act	Public Financial Management Act of 2009
PFM Regulations	Public Financial Management Regulations of 2009
PPCC	Public Procurement & Concessions Commission
PPCA	Public Procurement & Concessions Act
SSC	Social Security Contributions
IAD	Internal Audit Department

AUDITOR GENERAL'S REPORT

Dr. Wvannie Scott McDonald
General Administrator / CEO
John F. Kennedy Memorial Medical Center
Tubman Boulard, Sinkor
Monrovia, Liberia

October 31, 2017

Dear Dr. Scott McDonald:

Compliance Report on the John F. Kennedy Memorial Medical Center for the Period July 1, 2014 to June 30, 2015

We have audited the activities and financial transactions of the John F. Kennedy Memorial Medical Center in compliance with relevant laws and regulations for the periods ended June 30, 2015 consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

Management's Responsibility

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

This audit was conducted on the basis or understanding that the Management of the John F. Kennedy Memorial Medical Center 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 John F. Kennedy Memorial Medical Center is aware of and that is relevant to its contracts award, goods delivery, projects execution, evaluation and reporting as well as their related documentation;
- Any additional information that we may request from Administration for the purposes of the review; and Unrestricted access to persons within the Institution 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 John F. Kennedy Medical Center based on our audit. Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), Fundamental Auditing Principles (FAP) and Guidelines for Compliance Audit (GCA). Those principles require that we comply with ethical requirements and plan and perform the audit so as to obtain reasonable assurance as to whether the use of John F. Kennedy Medical Center 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

There was discrepancy in the revenue receipt resulting to a variance of US\$459,785.00 between the total amounts disbursed to JFKMC as per the Fiscal Outturn Report 2014/2015 and the total amount received as per the financial report prepared by the JFKMC, which could not be justified.

The JFKMC Management expended US\$147,425.00 above its Approved Budget without approval by the Board of Directors.

The amount of US\$332,818.00 reported as contributions and donations by the JFKMC Management could not be supported by documentation.

The amount US\$1,156,539.00 reported as internally generated revenue by the JFKMC Management could not be supported by adequate ledgers and other documentation.

There was discrepancy in financial reporting resulting to Variances of US\$3,090,797.25 and L\$300,897,546.21 between the total expenditure as per the Bank Statements of the JFKMC and the total Expenditure as per the financial report prepared by JFKMC, which could not be justified. Further, the bank reconciliation statement did not explain the variances.

The JFKMC Management made several payments amounting to US\$US\$760,356.56 and L\$36,020,653.80 for professional fees, drugs and medical supplies, fuel, travels, petty cash and various goods, works and services without adequate supporting documents.

The JFKMC ended its operations with a net income of US\$875,153.00 as per its financial report whereas the total bank statements balances at June 30,2015 amounted to US\$2,259,459.27 and L\$436,008,490.42. Additionally, the end of year bank reconciliation statement did not explain the differences.

The JFKMC Management carried out its procurement processes in the absence of an approved procurement plan.

The JFKMC Management carried out procurement splitting for the purchase of drugs and medical supplies, fuel and various goods and services amounting to US\$287,708.16 and L\$22,585,406.14 respectively.

The JFKMC Management did not withhold and subsequent remit taxes from several vendors for the procurement of drugs and medical supplies, fuel, travels, professional fees and various goods and services.

The Management of the JFKMC did not develop an approved accounting procedures manual that would enable the effective implementation of the PFM Act of 2009.

The Management of the JFKMC did not prepare cash book and ledger details to support figures in the financial report.

The JFKMC Management did not maintain fixed Assets Register/listing to provide detailed information, including cost of asset, date of purchase and coding. Due to the absence of fixed assets Register/listing that meets the requirement of the Public Financial Management Act, we were unable to obtain reasonable assurance as to the accuracy and completeness of the assets owned by JFKMC.

Some staff of the fiscal department of the JFKMC and other unknown users deleted and reversed several transactions without authorization as per the audit trail on the QuickBooks system.

The Chief Financial Officer, Serina Gbaba was absent from job for one year (June 2014 to June 2015) without evidence of an approval by the JFKMC Management even though she was paid salary that amounted to US\$41,280.00 and L\$1,388,910.00.

Disclaimer Conclusion

Based on the audit work performed, because of the significance of the matter noted in the Basis for Disclaimer paragraph's above, we are unable to, and therefore do not express a conclusion on the John F. Kennedy Memorial Medical Center's compliance in all material respects, with stated laws and regulations.


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

Monrovia, Liberia
October, 2017

Background of the John F. Kennedy Memorial Medical Center Audit

The audit of the John F. Kennedy Memorial Medical Center was commissioned by the Auditor General for period July 1, 2014 to June 30, 2015.

A Brief History of JFKMC

The John F. Kennedy Medical Center (JFKMC) was established by an Act of National Legislature and Executive Law of 1956 Chapter 60, Section 60.1, as autonomous agency mandated and shall be maintained for treatment of human illness, training in the medical, paramedical and public health fields and shall be under the authority of the BOARD OF DIRECTORS, hereinafter referred to as the "Board", with succession of members to be appointed as hereinafter provided and with such powers as are herein prescribed.

To participate insofar as the circumstances may warrant in assisting the Ministry of Health and Social Welfare to promote the general health of the Nation.

The John F. Kennedy Memorial Medical Center has the following personnel who handled the administrative and financial affairs of the institution for the period under audit.

Key Personnel of JFKMC

Name	Title / Position Held	Period
Dr. Wvannie Scott-McDonald	General Administrator & CEO	July 1, 2014 to Present
Ms. Munah Tarpeh	Deputy for Administration	July 1, 2014 to Present
Dr. Billy C. Johnson	Chief Medical Officer	July 1, 2014 to Present
Kaifa Dennis	Planning & Development Manager	July 1, 2014 to Present
Mrs. Serina Gbaba	Former Chief Financial Officer	July 1, 2014 to June 30, 2015
Ms. Mordu Lawrence	Human Resource	July 1, 2014 to 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 John F. Kennedy Memorial Medical Center for the period July 1, 2014 to June 30, 2015 are in compliance, in all material respects with policies, procedures, applicable laws, regulations, and are free of material errors.

Audit Methodology

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

Our audit also took cognizance of the requirements under the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014 well as the Audit Engagement Terms of

Reference (TOR). Our audit approach included observation, inquiries, inspections, re-performance, confirmation, and analytical procedures on areas we considered as high risk.

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

- Non- effective performance of the program - relates to Management's responsibility to undertake activities in a non-effective and non-efficient manner.
- Non-delivery of goods and services – relates to Management's non-exercise of responsibility to ensure that all goods and services procured are delivered.
- Instances of non-compliance with applicable laws and regulations - relates to Management's non-exercise of responsibility to use resources, and 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 the John F. Kennedy Memorial Center 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 Discrepancy in Revenue Receipts

Observation

- 1.1.1 Regulation C. 8 (2) of the PFM Acts of 2009, states that "A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".
- 1.1.2 During the audit, a variance of US\$459,785.00 was observed between the total amount disbursed to JFKMC as per the Fiscal Outturn Report 2014/2015 and the total amount received as per the financial report prepared by the JFKMC. See table 1 for detail:

Table-1: Discrepancy in Revenue Receipts

Amount disbursed as per Fiscal Outturn Report US\$ (A)	Amount Reported as Receipts By the JFKMC US\$ (B)	Variance US\$ (C=A-B)
6,328,220.00	5,868,435.00	459,785.00

Risk

- 1.1.3 The inconsistencies between the JFKMC Financial Report and the MOF Fiscal Outturn Report could cast doubt on the reliability of the financial report.

Recommendation

- 1.1.4 The Management of the JFKMC should provide justification for the difference.

Management's Response

- 1.1.5 *Management acknowledges the auditor's recommendation with regards to providing justification for the difference of US\$459,785.00 noted between the fiscal outturn report and the amount reported as receipt by John F. Kennedy Medical Center (JFKMC) for the period 2013/2014.*
- 1.1.6 *The Management of JFKMC wishes to clarify that during the period 2014/2015, the total amount of US\$6,518,784 was approved in the National Budget for the Medical Center. However, the Management of JFK received the total amount of US\$5,868,435 from the Ministry of Finance and Development Planning. Due to the decrease in the entity's budget, we experience a shortfall in subsidy by US\$650,349 during the period 2014/2015.*
- 1.1.7 *Management wishes to further state that, it is not aware of the variance of US\$459,785 as we reported cash receipt and payment during the period 2014/2015. The variance of US\$459,785 above our financial report for 2014/2015 can be validated by the MFDP, because they reported the figure.*

Auditor General's Position

- 1.1.8 The Justification provided by the JFKMC is not backed by any documentary evidence. A letter of request to MFDP does not suffice for the evidence of the payments that were made on behalf of JFKMC. Therefore, JFKMC should liaise with the MFDP to ensure that difference is supported. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.2 Over Expenditure

Observation

- 1.2.1 Chapter 60.5 (Count 4) of the John F. Kennedy Medical Center Act, (2013) states "The powers and functions of the Board shall be to; Approve and recommend an annual budget to Government for the Center, and accordingly, ensure its proper implementation".
- 1.2.2 During the audit, a difference of **US\$147,425.00** was observed between the Approved Budget of the JFKMC total expenditure and the total Expenditure as per the financial report prepared by JFKMC without evidence of an approval by the Board of Directors.
See table 2 for details:

Table 2: Over Expenditure

No.	Description	Approved Budget US\$ (A)	Total Per Expenditure Report US\$ (B)	Variance US\$ (C=A-B)
1.	Personnel Cost	4,282,504.00	4,387,857.00	-105,353.00
2.	Goods and Services	1,975,716.00	1,671,763.00	303,953.00
3.	Capital Expenditure	70,000.00	416,025.00	-346,025.00
	TOTAL	6,328,220.00	6,475,645.00	-147,425.00

Risk

- 1.2.3 Over expenditure is a violation of the Budget Law which could lead to misapplication of the JFKMC Resources.

Recommendation

- 1.2.4 Management of the JFKMC should provide justification for the expenditure above the approved budget.

Management's Response

- 1.2.5 *Management wishes to clarify that during the fiscal period 2014/2015, the Medical Center's budget was reduced by the MFDP by 650,349. This shortfall in addition to other activities of the Medical Center was covered by the Center's internally generated funds from operational revenue in order to pay employees and purchase life-saving drugs and medical consumables.*

- 1.2.6 *Due to the shortfall, the Board of Directors authorized the Management of JFKMC to use the internally generated revenue to help meet its full operations as budgeted. So, the JFKMC total expenditure per the financial report exceeded the Approved Budget due to the utilization of the internally generated revenue in addition to the GOL subsidy received through the MFDP.*

Auditor General's Position

- 1.2.7 The GAC is not questioning the use of the internally generated revenue of the JFKMC. If the initial budget were revised to reflect the existing realities at that time, the Board of Directors of the JFKMC should have approved the revised budget. This certainly did not happen. The Management expended above the approved budget without approval by the Board of Directors. Therefore, Management should be held liable for breach of Chapter 60.5 Count 4 of the JFKMC Act of 2013.

1.3 Donations and Contributions

Observation

- 1.3.1 Regulation A.3 (1) of the PFM Act of 2009 states, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."

- 1.3.2 Also, Regulation G.3 (D) of the PFM Act of 2009 states that "Where loans, grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimates and reflected as expenditure in the financial year" .

- 1.3.3 During the period under audit, the Management of JFKMC did not provide a full list of contributions and donations made to JFKMC by various individuals, institutions etc.

Risk

- 1.3.4 The actual value of contributions and donations received by the JFKMC cannot be assured in the absence of a full disclosure of the required information.

Recommendation

- 1.3.5 The Management of the JFKMC should provide a full list of contributions and donations made by various individuals, institutions etc.

Management's Response

- 1.3.6 *Management acknowledges the auditor's recommendation with respect to the general ledger details or full list of all donations and contributions for the period 2014/2015. Management wishes to clarify that donations and contributions received in cash and kind amounted to US\$325,822. Only US\$10,000 of grants received was in cash. Most of*

the Donations and Contributions were in kind. The Donations and Contributions received in kinds include Drugs, Medical supplies and consumable, Medical Equipment and above all the Medical Expertise of the Donors and Contributors. See table below for detail

No.	Date	Donor	Description of Items	Quantity/ Cost (USD)
1		National Port Authority	Cash	5,000
2	May 1, 2015	National Drugs Service/Ministry of Health	LINS/ Mosquito net	78 bales
3	February 12, 2015	Save The Children International	Medical Consumables	Assorted
4	May 7, 2015	John Snow, Inc.	Medical Consumables	Assorted
5	March 9, 2015	Americares	Drugs and Medical Supplies	Assorted
6	June 30, 2015	State of Isreal	Drugs and Medical Supplies	Assorted
7	March 2, 2015	Great Commission Victory Ministries Int'l	Doctor's Gowns	221
8	December 23, 2014	Rotary Club of Sinkor	Drugs and Medical Supplies	Assorted
9	December 19, 2014	NDS- Global Fund	Drugs	Assorted
10	November 12, 2014	Christian Aid Ministries	Drugs and Medical Supplies	Assorted
11	December 1, 2014	Delivering Good Health Community Service	Pampers, Hand Gloves & Bolsa Para Equipment	Assorted
12	November 13, 2014	Japan	Toyota Ambulance (serial no. VCH320001235	1
13	November 7, 2014	Lone star Cell	Medical Supplies	Assorted
14	November 4, 2014	Catholic Church/Mother Pattern	Dental Chairs and Accessories	2
15	22-Oct-14	Ministry of Health	Medical Supplies	Assorted
16	October 14, 2014	Chinese Medical Team	Drugs and Medical Supplies	Assorted
17	July 10, 2014	Latter Day Saint	Wheel Chairs and other Accessories	Assorted
18	July 17, 2014	Mr. Hilary Dennis	Redi Scan Infrared Thermometer (New)	1

No.	Date	Donor	Description of Items	Quantity/ Cost (USD)
19	May 1, 2015	Ministry of Health	Paracetamol /Tramadol	10 cartoons

1.3.7 In order to determine the cost of these donations and contributions, the Management, through its Procurement and Material Management Department reviews existing purchase records of similar items and have it quantified. The cost is then reported in the Medical Center's financial report for the period. **See attachment #1**

Auditor General's Position

1.3.8 The justification provided by the JFKMC Management on donations and contributions is inadequate and does not address the issue raised. Therefore, the Management of the JFKMC is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.4 Internally Generated Revenue

Observation

1.4.1 Regulation C. 8 (2) of the PFM Act of 2009 states that "A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".

1.4.2 During the audit, it was observed that there were no ledger details or breakdown to support the figures reported as internally generated revenue of the JFKMC. **See table 3 for details:**

Table- 3: Internally Generated Revenue

Revenue	A Quarter 1 US\$	B Quarter 2 US\$	C Quarter 3 US\$	D Quarter 4 US\$	(E=A+B+C+D) Total US\$
Fees for Services	178,163	174,492	280,015	346,227	978,897.00
Insurance Companies	6,976	8,485	15,374	13,727	44,562.00
Non Cash Revenue	0	0	0	127,328	127,328.00
TNIMA	340	90	1,708	3,614	5,752.00
Total	185,479	183,067	297,097	490,896	1,156,539.00

Risk

1.4.3 The accuracy of the internally generated revenue cannot be assured in the absence of a breakdown/ ledger.

Recommendation

1.4.4 The Management of the JFKMC should provide ledger details or breakdowns to support figures reported as internally generated revenue.

Management's Response

1.4.5 *The Auditor asserted that the Management should provide ledger details or breakdowns to support the figures reported as internally generated revenue. Management wishes to clarify that during the audit, box files containing internally generated revenue details were presented to the audit team for review.*

1.4.6 *However, we are providing the quarterly summary of our financial statement figures for fees for service collected during the period under review. The Management collected the US\$178,163 for Quarter one, US\$174,492 for Quarter two, US\$280,015 for Quarter three and US\$346,227 for Quarter four. The fees collected are supported by Financial Counselor' daily collection report, which was presented to the auditors during the execution of the engagement.*

Auditor General's Position

1.4.7 The justification provided by the JFKMC Management is inadequate and does not address the issue raised. Therefore, the Management of the JFKMC is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.5 Discrepancy in financial reporting

Observation

1.5.1 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."

1.5.2 During the audit, the variances of **US\$3,090,797.25** and L\$300,897,546.21 were observed between the total expenditure as per the Bank Statements of the JFKMC and the total Expenditure as per the financial report prepared by JFKMC. **See table 4 for details:**

Table-4: Discrepancy in financial reporting

Description	Amount US\$	Amount L\$
Total expenditure per bank statements (A)	3,384,846.75	300,897,546.21
Total expenditure per Financial Report (B)	6,475,644.00	0
Variance (C=A-B)	-3,090,797.25	300,897,546.21

Risk

1.5.3 The accuracy of the financial report could be in doubt in the presence of the above variances.

Recommendation

- 1.5.4 The Management of JFKMC should provide justification for the variances.

Management's Response

- 1.5.5 *Management acknowledges your recommendation and herein clarifies that the total expenditure per the financial report for the period 2014/2015 could not agree with the expenditure as per the bank statement, primarily due to the Ebola Virus Disease Crisis which led the MFDP Financially incapacitated to provide the subsidy due the Medical Center for the months of May and June 2015 for employees' salaries.*

- 1.5.6 *Additionally, the variance between the expenditure per bank statement and the expenditure per financial report can largely be attributed to the usage of the Internally Generated Revenue for payment of employees' salaries for the months of May and June 2015.*

Auditor General's Response

- 1.5.7 The justification provided by the JFKMC Management is inadequate and does not address the issue raised. In the absence of evidence of bank reconciliation statements for the period, the assertions by the JFKMC Management cannot be supported. Therefore, the Management of the JFKMC is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.6 Payment without Adequate Supporting Documents

Observation

- 1.6.1 Regulations P.9 (2) of the PFM Act 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".

- 1.6.2 During the audit, it was observed that JFKMC Management made several payments amounting to US\$844,711.56 and L\$40,108,091.78 for professional fees, drugs and medical supplies, fuel, travels, petty cash and various goods, works and services without adequate supporting documents. **See Annexure -1 for details.**

Risk

- 1.6.3 The authenticity of the transactions could be in doubt in the absence of adequate supporting documentation.

Recommendation

- 1.6.4 The Management of JFKMC should provide the supporting documentation for the transactions.

Management's Response

- 1.6.5 *Management is pleased to acknowledge your recommendation regarding the provision of supporting documents for several payments amounting to US\$844,711.56 and L\$40,108,091.78.*

1.6.6 Management wishes to clarify that all payments made for professional service, drugs and medical supplies, fuel, travels, petty cash and various goods, works and services were supported by the appropriate documentation. For petty cash request made by heads of various departments, such request or its replenishment is accompanied by a petty cash replenishment summary. **See attachment #2**

1.6.7 However, Management wishes to further state that many of the transactions, approximately sixty three (63) included in the annexure occurred before or after the period under audit. The auditor should revisit the Management Letter to present the accurate and complete information.

Auditor General's Position

1.6.8 The documentation provided by the JFKMC Management could only support US\$84,355.00 and L\$4,087,437.98 respectively; thereby leaving the amounts of US\$760,356.56 and L\$36,020,653.80 expended without adequate documentation to be accounted for by Management. Further, the JFKMC Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.7 Undisclosed Bank Balances

Observation

1.7.1 Regulation I.11 of the PFM Act of 2009, states that "There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control".

1.7.2 During the audit, it was observed that the JFKMC ended its operations with a net income of US\$875,153.00 as per its financial report whereas the total bank statements balances at June 30,2015 amounted to US\$2,259,459.27 and L\$436,008,490.42. Additionally, the end of year bank reconciliation statement did not explain the differences observed. **See table -5 for details:**

Table 5: Undisclosed Bank Balances

No	Bank	Account Title	Account No.	Opening Balance		Closing Balance	
				L\$	US\$	L\$	US\$
1.	LBDI	LD-SUBSIDY	002LRD2 1611088 601	56,984,492.42	-	53,363,439.64	-
2.	LBDI	LD-FFS DRUGS	002LRD2 1011039 201	85,633,518.10	-	76,580,633.34	-
3.	LBDI	LD-PAYROLL	002LRD2 1610253 701	222,819.46	-	193,719.46	-
4.	LBDI	USD RESTRICT	002USD2 1223287	-	130,689.66	-	177,784.66

Auditor-General's Report on The Audit of the John F. Kennedy Medical Center (JFKMC)
For the fiscal period July 1, 2014 to June 30, 2015

No	Bank	Account Title	Account No.	Opening Balance		Closing Balance	
				L\$	US\$	L\$	US\$
		IVE /DRUGS	201				
5.	LBDI	USD TNIMA RESTRICT IVE	002USD2 1815764 101	-	10,489.52	-	11,063.62
6.	IB	LD-FEES FOR SERVICE	01-2000-12666-02	211,924,338.37	-	238,807,178.62	-
7.	IB	LD-PAYROLL	01-2000-12666-03	-3,987,709.31	-	-14,191,153.13	-
8.	IB	USD FEES FOR SERVICE	02-2010-12666-01	-	259,454.11	-	551,201.75
9.	IB	USD PAYROLL	02-2010-12666-04	-	11,524.61	-	95,943.04
10.	IB	USD LABORATORY PROJECT	02-2010-12666-07	-	8,302.98	-	7,937.98
11.	IB	USD SPECIAL PROJECT	02-2010-12666-08	-	371,227.30	-	327,550.36
12.	IB	USD ESTHER PROJECT	02-2010-19288-01	-	7,125.70	-	0
13.	CBL	LRD PAYROLL	01-206-300065-01	1,592,293.69	-	1,941,593.40	-
14.	CBL	LRD SUBSIDY	01-206-300065-02	10,172,096.46	-	72,324,252.79	-
15.	CBL	USD SUBSIDY	02-206-300065-00	-	268,442.64	-	192,994.49
16.	IB	USD-UNDER FIVE PROJECT	02-2010-1928802	-	0	-	0
17.	ECOBANK	TNIMA RESTRICT IVE	001-0134700-109701	6,572,846.30	-	6,988,826.30	-
18.	ECOBANK	SUBSIDY-GLOBAL FUND	001-1134700-253801	-	101,313.00	-	101,178.00
19.	IB	USD-CEID	02-2010-01266-09	-	799,960.00	-	793,805.37
	Total			369,114,695.49	1,961,403.82	436,008,490.42	2,259,459.27

Risk

- 1.7.3 The unreported closing bank balances could be misapplied or misappropriated.

Recommendation

- 1.7.4 The Management of JFKMC should provide justification for not disclosing the closing bank balances.

Management's Response

- 1.7.5 *Management acknowledges your recommendation and herein states that we report on cash basis accounting, where cash accounting records revenue when cash is received, and expenses when cash is paid.*

- 1.7.6 *Moreover, we operate for a specific period and therefore we account for amount received and the amount expended during the specified period in which receipts and payments were made.*

- 1.7.7 *Going forward, we will ensure that the beginning and ending bank balances are adequately disclosed.*

Auditor General's Position

- 1.7.8 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the finding. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.8 Unauthorized Bank Transfers

Observation

- 1.8.1 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."

- 1.8.2 During the audit, it was observed that the Management of JFKMC made several transfers from one account of the entity to another without adequate supporting documentation to back said transfers. **See table 6 for details.**

Table 6: Unauthorized Transfers

No.	Date	Account Number	Bank	Description	Check No.	Amount	
						US\$	L\$
1.	21 03 393094	01-2000- 12666-02	IB	TRANS. INFO PAYROLL A/C	-	-	11,390,974.05
2.	10 03 633147	01-2000- 12666-02	IB	IN-HOUSE TRANSFER	288	-	194,940.00
3.	10 03 633167	01-2000- 12666-02	IB	IN-HOUSE TRANSFER	289	-	96,187.50
4.	17 03 646251	01-2000- 12666-02	IB	IN-HOUSE TRANSFER	290	-	42,425.10
5.	13 03 829276	01-2000- 12666-02	IB	IN-HOUSE TRANSFER 000303	-	-	29,776.51
6.	17 03 833814	01-2000- 12666-02	IB	IN-HOUSE TRANSFER 000304	-	-	33,630.49
7.	20 03 842138	01-2000- 12666-02	IB	IN-HOUSE TRANSFER 000301	-	-	45,214.15
8.	20 03 902839	01-2000- 12666-02	IB	IN-HOUSE TRANSFER	310	-	57,384.61
9.	21 03 393094	01-2000- 12666-03	IB	TRANS. FROM MEDICAL CENTER	-	-	11,390,974.05
10.	27 03 665230	01-2000- 12666-03	IB	TRANS. IFO MAJORIE WASHINGTON	-	-	13,696.83
11.	18 03 964123	01-2000- 12666-03	IB	TRANS. IFO SOPHIE C. KOLLIE	-	-	28,526.33
12.	30 03 991400	01-2000- 12666-03	IB	TRANS. FROM JFK	-	-	279,298.69
13.	22 04 038835	01-2000- 12666-03	IB	TRANS. FROM EDITH NEEWARY	-	-	58,225.00
14.	17 03 385554	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000382	1,140.00	-
15.	24 03 498996	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000396	1,000.00	-
16.	25 03 500485	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000394	1,000.00	-
17.	12 03 583532	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000404	500.00	-
18.	13 03 585775	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000402	1,000.00	-
19.	01 03	02-2010-	IB	IN-HOUSE	000428	1,000.00	-

No.	Date	Account Number	Bank	Description	Check No.	Amount	
						US\$	L\$
	930846	12666-01		TRANSFER			
20.	26 04 047883	02-2010- 12666-01	IB	IN-HOUSE TRANSFER	000427	1,000.00	-
21	30 03 737894	02-2010- 12666-04	IB	TRANS FROM JFK 01/2015	-	140,624.01	-
22	18 03 964132	02-2010- 12666-04	IB	TRANS. IFO SOPHIE C KOLLIE O	-	278.31	-
		Total				147,542.32	23,661,253.31

Risk

- 1.8.3 Transfers of public funds without adequate supporting documents could cast doubt on the authenticity of the transfers.

Recommendation

- 1.8.4 The Management of JFKMC should provide justification for the several transfers made without adequate supporting documentation.

Management's Response

- 1.8.5 *Management notes your recommendation and wishes to clarify that these transactions were legitimately authorized by management. These were internal or in house transfers made to procure drugs and medical supplies for patients at the Medical Center.*

Auditor General's Position

- 1.8.6 The absence of adequate supporting documentation to back said transfers, constitute breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009. Therefore, the management of the JFKMC should be held liable to provide adequate supporting documentation.

1.9 Stamping of Payment Document

Observation

- 1.9.1 The Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control framework on control activities emphasizes that "Institutions deploy control activities through policies that established what is expected and procedures that put policies into action". Policy and Procedures are established and implemented to help ensure the risk responses are effectively carried out within an organization.

- 1.9.2 During the audit it was observed that payments vouchers that have been processed were not stamped paid.

Risk

- 1.9.3 An invoice could be paid more than once in the absence of it not being stamped "paid".

Recommendation

- 1.9.4 The Management of JFKMC should ensure that a paid invoice is duly stamped as paid.

Management's Response

- 1.9.5 *We acknowledge and accept your recommendation and will ensure that all payment documents which are processed are stamped "paid".*

Auditor General's Position

- 1.9.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.10 Approved Procurement Plan

- 1.10.1 Section 40 (3) of the PPC Act of 2005 as amended and restated in 2010 states that "After review and any revisions by the Procurement Committee, the Procurement Committee shall furnish a copy of the annual procurement plan to the Commission for approval".

- 1.10.2 It was observed during the audit that JFKMC Management carried out its procurement processes in the absence of an approved procurement plan.

Risk

- 1.10.3 In the absence of an approved procurement plan, the JFKMC Management could engage in discretionary procurement practices which could undermine the achievement of value for money.

Recommendation

- 1.10.4 The Management of JFKMC should provide justification for carrying out its procurement processes in the absence of an approved procurement plan.

Management's Response

- 1.10.5 *The JFKMC Management did not provide a response.*

Auditor General's Position

- 1.10.6 The JFKMC Management should be held liable for the breach of the PPC Act of 2005 as amended and restated in 2010 in the absence of a response on the above finding.

1.11 Procurement Splitting

Observation

- 1.11.1 Section 40 (4) of the Public Procurement and Concession (PPC) Act of 2005 as amended and restated in 2010 states that "A Procuring Entity shall not divide a procurement order into parts or lower the estimated contract price of a procurement order to avoid the application of the procedures for public procurement prescribed in this Act. Such Actions if carried out shall constitute contravention of this Act".

1.11.2 It was observed during the audit, that the JFKMC Management carried out procurement splitting for the purchase of drugs and medical supplies, fuel and various goods and services amounting to US\$287,708.16 and L\$22,585,406.14 respectively. **See Annexure 2 for details.**

Risk

1.11.3 Procurement splitting is a violation of the PPC Act which could lead to the non-achievement of value for money.

Recommendation

1.11.4 The JFK Management should provide justification for engaging into procurement splitting.

Management's Response

1.11.5 *Management acknowledges your recommendation and wishes to clarify that it is not its intention to engage in noncompliance of statutory regulations. Most of the goods procured include mostly perishable local food items which are procured on a weekly basis for in-patients at the various hospitals.*

1.11.6 *Going forward, Management will ensure that all goods procure are done is full compliance with the PPC Act and Regulations.*

1.11.7 *However, Management wishes to assert that the auditor should revisit the annexure to the report as some of the transaction included occurred before or after the fiscal period 2014/2015.*

Auditor General's Position

1.11.8 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management should be held liable for breach of Section 40 (4) of the Public Procurement and Concession (PPC) Act of 2005 as amended and restated in 2010.

1.12 Taxes not withheld

Observation

1.12.1 Section 905 (N) of the Revenue Code of Liberia Act of 2000 as amended in 2011 states that "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%.

1.12.2 It was observed during the audit that the JFKMC management did not withhold and subsequent remit taxes from several vendors for the procurement of drugs and medical supplies, fuel, travels, professional fees and various goods and services. **Reference Annexure-1 and 2 for details.**

Risk

- 1.12.3 Failure to deduct and remit withholding taxes could deny GoL of much needed resources.

Recommendation

- 1.12.4 The JFKMC Management should provide justification for not withholding and subsequently remitting taxes from vendors for the procurement of various goods and services.

Management's Response

- 1.12.5 *Management is pleased to acknowledge your recommendation regarding the provision of justification for not holding and subsequently remitting taxes from vendors during the period under audit.*

- 1.12.6 *However, Management wishes to clarify that taxes cannot be withheld from petty cash and daily subsistence allowance for travels. Moreover, vendors supplying drugs and other materials and supplies to the JFKMC made payment of taxes on these goods themselves upon the point of entry into the country. We therefore ensure that at the time of procuring these goods from the vendors, tax clearance is provided by vendors before the procurement of these goods can take effect.*

- 1.12.7 *The Management wishes to assert that many of the transactions incorporated into annexure 1 to 3 occurred outside the period 2014/2015 and therefore, the auditor should revisit the management letter to present transactions that occurred within the period audited.*

Auditor General's Position

- 1.12.8 The justification provided by the JFKMC Management is inadequate and does not address the issue raised. Further, the audit period extended to October 31, 2015 as per the engagement letter. Therefore, the Management of the JFKMC should be held liable for breach of Section 905 (N) of the Revenue Code of Liberia Act of 2000, as amended in 2011.

1.13 Store Room Management

Observation

- 1.13.1 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."

- 1.13.2 It was observed during the audit that the JFKMC Management did not institute relevant controls over movement of supplies in and out of the warehouse.

Risk

- 1.13.3 The lack of relevant controls over movement of supplies in and out of the warehouse could result to diversion of the supplies to personal use.

Recommendation

- 1.13.4 The Management of JFKMC should provide substantive justification over the movement of supplies in and out of the warehouse.

Management's Response

- 1.13.5 *Management is pleased to acknowledge receipt of your recommendation regarding the movement of supplies in and out of the warehouse. We would like to clarify that there are controls in place to receive supplies in and out of the warehouse.*

- 1.13.6 *Let it be established that a formal requisition is normally made by a staff making the request and signed by the head of Department to the Department of Procurement and Material Management where it is reviewed, approved and supplied. Supplies are issued to staff only upon requisition. Thereafter, the items issued are recorded on the stock cards. Few copies of storeroom requisition used during the period 2014/2015 for the movement of supplies in and out of the warehouse are attached.*

Auditor General's Position

- 1.13.7 The assertions made by the JFKMC Management are not backed by any documentation. The JFKMC Management should ensure that the audit finding is implemented. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.14 Accounting Procedures Manual

Observation

- 1.14.1 Regulation 7(1) of the PFM Act of 2009, requires that the Management shall develop and recommend to the Board of Directors / President for approval regulations, where required in this Act, for the implementation of the provisions of the Act. The Management may issue regulations, instructions and guidelines, as the need arises, to further clarify specific responsibilities and tasks related to the implementation of this Act and its regulations consistent with the Administrative Procedure Act and the Executive Law.

- 1.14.2 During the audit, it was observed that the Management of the JFKMC did not develop an approved accounting procedures manual that would enable the effective implementation of the PFM Act of 2009.

Risk

- 1.14.3 In the absence of accounting procedure manual, the financial processes of the JFKMC could be carried out arbitrarily.

Recommendation

- 1.14.4 The Management of JFKMC should develop and approved an accounting procedure manual for its financial operations.

Management's Response

- 1.14.5 *Management acknowledges and accepts your observation and will ensure that an accounting procedure manual is developed, approved and utilized.*

Auditor General's Position

- 1.14.6 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.15 Proper Records and Books of Accounts

Observation

- 1.15.1 Regulation A.3 (1) of the PFM Act of 2009 states that "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 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".

- 1.15.2 It was observed during the audit, the Management of the JFKMC did not prepare cash book and ledger details to support figures in the financial report.

Risk

- 1.15.3 The lack of cashbook and general ledger could lead to non-disclosure of important financial information which could lead to fraud and abuse of JFKMC's resources.

Recommendation

- 1.15.4 The JFKMC Management should provide justification for not preparing and maintaining a proper book of accounts.

Management's Response

- 1.15.5 *The management acknowledges and wishes to clarify that during the audit, we presented the check disbursement ledger to the audit team. However, we will ensure that all other books of accounts are prepared and maintained by the JFKMC Management.*

Auditor General's Position

- 1.15.6 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management is in breach of financial discipline in line with the PFM Act of 2009.

1.16 Deletion and Reversal of Transactions

Observation

- 1.16.1 Regulation A.13 (1-4) of the PFM Act of 2009 state that "(1) An incorrect figure on a payment voucher, the supporting document, register or a document may be amended by ruling a single line through it, in such a way that the original entry may be clearly read, and the correct figure inserted above the original entry and the officer signing or certifying the document shall initial the amended entry. (2) An incorrect figure in the cashbook, ledger, a computerized system or any book of account shall be corrected by passing the necessary journal entries and effecting the correction accordingly. (3) An amendment or adjustment shall not be made to audited figures without the express permission in writing of the Auditor General or a representative of the Auditor- General. (4) The making of an amendment or adjustment contrary to sub-regulation (1)and (2) is a breach of financial discipline as defined in sub regulation A.20(1)" .
- 1.16.2 Further, Regulation A.14 (2) of the PFM Act of 2009 states "computerized accounting or record keeping systems shall have the following controls:
- Each user of a computerized accounting, records, inventories, assets, human resource management, payroll or any similar system must be given a user identification number (User ID) and a password or personal identification number (PIN) by the system administrator.
 - The system must be designed and configured to ensure that the first time a user signs onto the system he is denied access to the system until he changes the password or the PIN.
 - The system must be configured such that all passwords are encrypted to prevent any other person seeing the words.
 - Users shall be held responsible for any unlawful entry on the computerized systems referred to in this regulation using his user ID and password except.
 - Anyone who gives his user ID and password to another person knowingly or negligently or uses another person's user ID and passwords with or without the owner's consent is in breach of financial discipline under regulation A.20.
 - Anyone who uses another person's user ID and password to make any entry without the owner's consent commits a criminal offense and shall be charged with forgery, computer fraud or fraud".

1.16.3 It was observed during the audit, that some staff of the fiscal department of the JFKMC and other unknown users deleted and reversed several transactions without authorization as per the audit trail on the QuickBooks system. **See Annexure -3a and 3b for details.**

Risk

1.16.4 Deleting and reversing of transactions without authorization on the Quick Book system could lead to the conduct of discretionary financial activities and recipe for fraud.

Recommendation

1.16.5 The Management of JFKMC should provide justification for the reversal and deletions of transactions on the system.

Management's Response

1.16.6 *Management acknowledges your recommendation and herein clarifies that the deletion and reversal of transactions in our QuickBooks System was done by some fraudsters in the employed of the JFKMC who were involved in a theft. These unscrupulous employees were assigned at the IT and Fiscal Departments who fraudulently obtained the passwords of some staff of the Fiscal Department, who had accessed right to the system.*

1.16.7 *Some of these staff had control over depositing the revenue generated at the bank, while others had authority over the IT System. But these revenues were never banked, but rather diverted to personal use. At their timing, these staff enters the system deleting and reversing transactions of their choice to cover up their fraudulent activities.*

1.16.8 *Management upon noticing these fraudulent transactions, immediate proceeded to the court for redress, where the perpetrators were indicted before the First Judicial Circuit Court, Criminal Assizes "C" for Montserrado County, tried, convicted and sentenced. See Attachment #4*

Auditor General's Position

1.16.9 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, the Management should reconcile and review transaction posted to the Quickbooks regularly and perform regular reconciliation to various account to avoid unauthorized manipulation of data. Further, the Management should implement different multi-factors authentication strategies to safeguard against inappropriate account access and control overrides.

1.17 Absence without Leave

1.17.1 Regulation T.5 of the PFM Act of 2009 states that "A Head of government agency shall cause the immediate stoppage of payment of salary to a public servant when that public servant has:

- been absent from duty without permission or reasonable cause for a period as stipulated in the administrative regulations of the establishment;

- been absent from duty on leave without pay;
- been convicted of an offence involving theft or fraud, or a sentence of imprisonment;
- resigned;
- retired; or
- died.

1.17.2 Also, Section 8.2.5 (C - D) of the JFKMC Human Resource Manual of 2015 states that “ (C) Any employee absent fourteen or more consecutive schedule work days without notifying his or her supervisor will be considered to have abandoned his or her job and will be terminated. (D) Any employee absent two or more consecutive scheduled work days must present to the Office of Human resources a medical certificate form or note, signed by a recognized medical practitioner ,stating the nature of the illness and number of days prescribed for rest (day off). This certification must be presented directly to the Human resources office. The note is then placed in the employee's personnel, confidential file.

1.17.3 During the audit, it was observed that the Chief Financial Officer, Serina Gbaba was absent from job for one year (June 2014 to June 2015) without evidence of an approval by the JFKMC Management even though she was paid salary that amounted to US\$41,280.00 and L\$1,388,910.00.

Risk

1.17.4 Payment of employee, who has abandoned his or her employment, is a violation of the PFM Regulation which could lead to waste of resources of the institution.

Recommendation

1.17.5 The Management of the JFKM should provide justification for salary payment to employee who has abandoned his or her employment.

Management's Response

1.17.6 *The JFKMC Management did not respond to this finding.*

Auditor General's Position

1.17.7 In the absence of response by the JFKMC Management, the salary payment of US\$41,280.00 and L\$1,388,910.00 to the Chief Financial Officer, Sarina Gbaba should be refunded to the JFKMC. Further, Management is in breach of financial discipline in line with Regulation A.20 of PFM Act of 2009.

1.18 Employees' Files

Observation

- 1.18.1 Chapter 1, Section 1.2.5 of the civil services Agency regulation of 1983 states that "Personnel Records on all classified civil servants throughout their careers, are maintained by the human resource department".
- 1.18.2 It was observed during the audit the JFKMC Management did not maintain essential personnel records such as; Letter of Applications, Employment Letter, Photograph of employees, Job descriptions, Performance evaluations, Medical Examination Certificates, Police Clearance, and Recommendations.
- 1.18.3 Further, during the head count, it was observed that some staff did not show up for the spot check while others were without an approved Identity Card of the JFKMC. **See table 7 and Annexure 4 for details.**

Table-7: Employees' Files

Employees without Letter of Employment	Employees without ID Cards	Employees who did not show up for the spot check (head count)	Total number of Employees
540	196	172	908

Risk

- 1.18.4 The absence of vital records on the personnel files could lead to ghost names being placed on the payroll.

Recommendation

- 1.18.5 The JFKMC Management should ensure that all employees' files are updated to reflect their position at the entity.

Management's Response

- 1.18.6 *Management notes and accepts your recommendation and will ensure that employees' files are updated on a periodic basis to reflect their position at the entity.*

Auditor General's Position

- 1.18.7 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.19 Employees for Retirement

Observation

- 1.19.1 Chapter 26, Section 2501 of the Labor Law of Liberia states "An employee within the application of this chapter is entitled to receive from his employer retirement pension on retirement from the undertaking at the age of 60 and if such employee has completed at least fifteen years of continuous service, or he may retire at any age after he has completed twenty-five years of continuous service in such undertaking. The

amount of pension paid annually to an employee shall be at least forty percent of the average monthly earnings for the last five years immediately preceding his retirement. One-twelfth of such amount shall be paid each month from the time of retirement until the death of the employee”.

- 1.19.2 During the audit, it was observed that some staff of JFKMC have met the requirements for retirement but were still employed with the institution. **See Annexure- 5 for details.**

Risk

- 1.19.3 Maintaining employees who have met the requirements for retirement could lead to inefficiency in the operations of the JFKMC.

Recommendation

- 1.19.4 The JFKMC Management should ensure that the employees who have reached the retirement age are retired in line with the law.

Management's Response

- 1.19.5 *Management acknowledges and accepts your observation and wishes to inform you that we have begun the implementation of the recommendation, as we have retired twenty two staff who met the age and tenure retirement status. See attachment #5*

Auditor General's Position

- 1.19.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.20 Payroll

Observation

- 1.20.1 Regulation T.8 of the PFM Act of 2009 states that “Unless the effective date is otherwise specified under any other enactment, the effective date shall be in the case of:
- a deceased public officer, the three months following the date of death;
 - convicted officers, the date of conviction;
 - leave without pay, the date approved for the leave;
 - officers absent without leave, the first day of such absence; or
 - resignation and retirement, the effective date for stoppage shall be the earlier of:
 - date of absence; or
 - date specified on a relevant document “.

- 1.20.2 During the audit, it was observed that the JFKMC Management maintained staff that have resigned, dismissed and deceased on the payroll amounting to US\$26,025.00 and L\$1,250,829.95. **See Annexure 6 for details.**

Risk

- 1.20.3 Maintaining staff on the payroll who have resigned, deceased or were dismissed could lead to waste of resources of the institution.

Recommendation

- 1.20.4 The Management of the JFKMC should provide justification for maintaining staff who have resigned, deceased or were dismissed on the payroll.

Management's Response

- 1.20.5 *Management acknowledges your recommendation and herein clarifies that employees who resigned were not paid. However, when a staff resign, a two weeks leave of notice is given to the management. Against this back drop, Management approves the acceptance of the resignation upon officially turn-over note by the staff by ensuring that all property of the Medical Center in possession of the staff is returned over to management.*

- 1.20.6 *The Management of JFKMC had the 10th of every month as the cutoff period for its payroll preparation. However, most of the employees mentioned in your observation, had work for the month and were due salary for the month. Most of the staff mentioned in your observation fall within the cutoff period.*

- 1.20.7 *The Management policy is that staff who remains in the employ of the Medical Center until his demise, the name of such staff remains on the payroll for a period of three months, where the salary is received by the family as a benefit. Additionally, most of the staff mentioned, who are deceased were medical staff of the JFKMC who were at the forefront during the Ebola Virus Disease. These medical staffs were victimized by the virus. Due to the state of affairs in the country at the time, Management with the consent of the Board decided to maintain the individual on the payroll for six months, as a means of benefit to the deceased family.*

Auditor General's Position

- 1.20.8 There was evidence during the audit which showed that some employees who resigned were maintained on the payroll for more than two months.
- 1.20.9 Further, the conduct of the JFKMC Management in relation to the above finding is not back by any provision of the PFM Act of 2009 and its Regulations. Therefore, the JFKMC Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.21 Double Emoluments

Observation

- 1.21.1 Article 90 (b) of the Liberian Constitution states that "No person holding public office shall demand and receive any perquisites, emoluments or benefits, directly or indirectly on account of any duty required by Government.
- 1.21.2 It was observed during the audit that, staff of the JFKMC and other employees of the Government of Liberia received emoluments for the performance of services at the JFKMC. **See table- 8 for details:**

Table 8: Double Emoluments

No.	Name & Address	Total Board Fees US\$ (A)	Total Professional Fees-US\$ (B)	Total Interview Fees US (C)	Total Amount US\$ (D=A+B+C)	Total Amount L\$ (F)
1.	Dr. Vuyu Kanda Golakai A.M Dogliotti School of Medicine, UL	3,000.00	22,500.00	-	25,500.00	378,000.00
2.	Dr. Peter Coleman Senator/Senate Committee on Health & Welfare Legislative Branch, Republic of Liberia	-	7,400.00	-	7,400.00	151,200.00
3.	Dr. Billy C. Johnson Chief Medical Officer JFK Medical Center	8,000.00	-	-	8,000.00	-
4.	Benedict S. Sannoh Ministry of Justice , Republic of Liberia	3,000.00	-	-	3,000.00	-
5.	Bernice C. Dahn Ministry of Health, Republic of Liberia	2,000.00	-	-	2,000.00	-
6.	Moses Massaquoi President, Liberia Medical & Dental Council	7,000.00	-	-	7,000.00	-
7.	Alfred Drosaye Civil Service Agency, Liberia	-	-	500.00	500.00	-
8.	Puchu Leona Bernard Civil Service Agency, Liberia	-	4,750.00	-	4,750.00	-
9.	Zachariah Beere FISCAL DEPARTMENT, JFK MEDICAL CENTER	-	3000.00	-	3000.00	136,500.00
	TOTAL	23,000.00	37,650.00	500.00	61,150.00	665,700.00

Risk

- 1.21.3 The disbursement of double emoluments to staff of the JFKMC and other employees of the Government of Liberia is a breach of Article 90 (b) of the Liberian Constitution.

Recommendation

- 1.21.4 The Management of the JFKMC should provide justification for the disbursement of the amount.

Management's Response

- 1.21.5 *Management acknowledges your observation and wishes to clarify that services provided by the JFKMC staff and other public officials were in the public interest of the JFKMC and the general public as the services provided did not conflict with those concerned principal functions.*

- 1.21.6 *Moreover, the payments made represent fees for the board and professional service. JFKMC is a tertiary and teaching institution whose primary focus is service to patients/clients. Therefore, those with specialized skills, like doctors, medical/health instructors' etc. rendered services to help meet the health care delivery system of the Medical Center and at the same time are given allowance. Let it be known that we have very few medical doctors in the country, and those with the skills at other institutions of the Government are asked to provide these professional services.*

Auditor General's Position

- 1.21.7 The justification provided by the JFKMC Management is inadequate and does not address the issue raised. Therefore, the Management of the JFKMC should be held liable for breach of Article 90 (b) of the Liberian Constitution.

1.22 NASSCORP'S CONTRIBUTIONS

Observation

- 1.22.1 Part III (11) of the National Social Security & Welfare (General) Regulation states "An employer shall pay the employer's contribution and the employee's contribution each month by the due date to the Corporation either into the account of the Corporation through an approved bank, or directly to any office of the Corporation".

- 1.22.2 During the audit, it was observed that the JFKMC Management did not provide evidence of payment amounting to L\$4,174,441.99 as contributions to NASSCORP.

Risk

- 1.22.3 Failure to deduct and remit NASSCORP'S contributions is violation of Part III (11) of the National Social Security & Welfare (General) Regulation which could lead to employees not benefiting from the scheme upon retirement.

Recommendation

- 1.22.4 The Management of the JFKMC should provide justification for not withholding and subsequently remitting contributions to NASSCORP.

Management's Response

- 1.22.5 *Management acknowledges your recommendation and wishes to clarify that the JFKMC staff withholding tax and NASSCORP Contribution is withheld by the Ministry of Finance and Development Planning. The MFDP withhold and remit the NASSCORP's Contribution to the NASSCORP. However, MFDP did not present to us copy of flag receipts for NASSCORP's Contribution withheld.*

Auditor General's Position

- 1.22.6 The justification provided by the JFKMC Management is inadequate and does not address the issue raised. Therefore, the Management of the JFKMC should be held liable for breach of Part III (11) of the National Social Security & Welfare (General) Regulation.

1.23 Employees on Probation

Observation

- 1.23.1 Chapter 16 (1500) of the Labor Law of Liberia states that the "Term Contract of Employment shall mean any agreement between employer and employee containing the conditions and terms of employment. Contracts of employment may be oral or written, individual or collective and may be for a definite or an indefinite period"

- 1.23.2 Also, Chapter 16 (1500-A) of the same Labor Law emphasizes that "Probationer period for all workers shall not be less than one month nor more than three months".

- 1.23.3 During the audit, it was observed that the JFKMC management maintained seventy two (72) workers on the status of probation for more than two years. **See Annexure 7 for details.**

Risk

- 1.23.4 Failure to change employee's status after probation could lead to insecurity on the part of the employees and subsequently lack of commitment to the institution.

Recommendation

- 1.23.5 The Management of the JFKMC should ensure that employees who have been accessed after the probationary period to be competent should be given full employment.

Management's Response

- 1.23.6 *Management acknowledges and accepts your recommendation and will ensure that employees who have satisfactorily completed their probation period are given full employment.*

Auditor General's Position

- 1.23.7 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.24 General Allowance

Observation

1.24.1 The Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control framework on control activities emphasizes that "Institutions deploy control activities through policies that established what is expected and procedures that put policies into action". Policy and Procedures are established and implemented to help ensure the risk responses are effectively carried out within an organization.

1.24.2 During the audit, it was observed that employees of the JFKMC in comparable ranks were paid different amount as general allowances.

1.24.3 Additionally, there was no policy at the JFKMC for the payment of general allowances.
See Annexure 8 for details.

Risk

1.24.4 The lack of policy to guide the payment of general allowance could lead to discretionary payment.

Recommendation

1.24.5 The Management of the JFKMC should formulate a policy to guide the payment of general allowance.

Management's Response

1.24.6 *Management acknowledges and accepts your recommendation and will ensure full implementation.*

Auditor General's Position

1.24.7 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.25 Work Permit

Observation

1.25.1 Chapter 2 (75) of the Labor Law of the Republic of Liberia, emphasizes that "Except as provided in section 280 of the General Business Law, all employers are required to hire employees, except agricultural and unskilled laborers, from the lists of qualified Liberian workmen and employees maintained by the Ministry of Labor and Labor Agents. Except for administrative, supervisory, or technical positions, it shall be unlawful to hire an alien employee unless and until the list of qualified Liberians has been exhausted or there is no qualified person on the list capable of performing the job to be filled. In the event that an employer reports to the Minister of Labor that he can find no Liberian employee capable of doing a specific job, the Minister or his deputy appointed for that purpose shall grant a special permit setting forth this fact and according to the employer the right to engage the service of an alien or aliens to be named in the permit, designating the class of work he or she will be required to perform".

1.25.2 It was observed during the audit that the management of the JFKMC employed an alien (Nigerian), in person of Ujah Livinus as a Chief Pharmacist for the JFKMC without work permit.

Risk

1.25.3 The employment of an alien as a Chief Pharmacist at the JFKMC without work permit, constitutes breach of Chapter 2 (75) of the Labor Law of the Republic of Liberia.

Recommendation

1.25.4 The Management of the JFKMC should provide a justification for employing an alien without work permit.

Management's Response

1.25.5 *Management acknowledges your recommendation and herein clarifies that Mr. Ujah Livinus is a legal resident in the country as he possesses a resident permit from the Bureau of Immigration and Naturalization of the Republic of Liberia.*

1.25.6 *Additionally, Mr. Ujah Livinus is a consultant, with a valid contract to provide Pharmacy Services at the JFKMC. Moreover, his scope of work as a consultant include supervision and oversight of the pharmacies, pharmacist and pharmacy staff at the JFKMC, development and implementation of policies and procedures for the pharmacy, evaluate all other employees with recommendations etc. See Attachment #6*

Auditor General's Position

1.25.7 The issue raised in the audit report has to do with work permit but not residence permit. Therefore the JFKMC Management should be held liable for hiring an alien in violation of Chapter 2 (75) of the Labor Law of the Republic of Liberia.

1.26 Employees on the Payroll but not on Personnel List

Observation

1.26.1 Regulation A.15 (1) of the PFM Act, 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."

1.26.2 It was observed during the audit that the management of the JFKMC paid an annual salary of L\$2,097,857.00 and US\$33,955.00 to eleven (11) employees at the JFKMC whose names were not on the approved Personnel List. **See table 9 for details:**

Table 9: Employees on the Payroll but not on Personnel List

Last Name	Frist Name	Department	Amount-L\$	Amount-US\$	Months Paid for 2014/2015
Bryant	Joseph S.	Security	132,570.00	720.00	JULY-JUNE
Taplah	Ama	BSC/RN,NA	262,350.00	2,400.00	JULY-JUNE
Fayah	Augustine	Housekeeping Aide	132,830.04		JULY-JUNE
Goe	Peter S.	Office Aide	135,638.04	1,200.00	JULY-JUNE
William	Kpaka	NA	135,638.04	720.00	JULY-JUNE
Kandakai	Grace	RN	551,550.00	16,800.00	JULY-JUNE
Kpadeh	Gayflorzee F.	Physician Assistant	186,670.88	2,760.00	AUG-JUNE:LRD & USD: JULY-JUNE
Vankpanah	Mulbah Z.	ORT	125,787.75	1,380.00	AUG-JUNE:LRD & USD: JULY-JUNE
Cooper	Cerue	BSC Nurse	150,352.50	2,860.00	SEPT-JUNE: LRD & USD AUG-JUNE
Kollie	Kormassa S.	BSC/RN/Team Leader	135,317.25	2,530.00	OCT-JUNE: LRD & USD AUG-JUNE
Gbasay	Joseph M.	Assistant Director/PA	149,152.50	2,585.00	OCT-JUNE: LRD & USD AUG-JUNE
Total			2,097,857.00	33,955.00	

Risk

1.26.3 Failure to update the personnel list could lead to misinformation on employee status by the JFKMC.

Recommendation

1.26.4 The Management of the JFKMC should provide justification for the difference between the payroll and personnel list.

Management's Response

1.26.5 *Management acknowledges your recommendation and wishes to clarify that the eleven (11) individuals paid were legitimate employees of the Medical Center. However, the exclusion of their names from the approved personnel list was a data entry error.*

1.26.6 *However, one of the staff, Joseph S. Bryant resigned from the employment of the JFKMC on September 9, 2014. Thereafter, his name was removed from the payroll of the JFKMC. The Management wishes to further clarify that the error had been rectified. The approved personnel list is made available for your review. See Attachment #7*

Auditor General's Position

1.26.7 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.27 Audit Committee

Observation

1.27.1 Regulation K.10 of the PFM Act of 2009 states that " The Head of government agency or government organization shall in consultation with the Internal Audit Governance Board establish and maintain an audit committee for the government agency or organization for which he/she is responsible. The purpose of the audit committee is to review internal controls, including the scope of internal audit, internal audit plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken. The audit committee is responsible for resolution of any disagreement between Management, Internal Auditors and the Auditor General regarding internal controls and financial reporting".

1.27.2 During the audit, it was observed that the JFKMC Management did not establish an audit committee.

Risk

1.27.3 In the absence of an audit committee, the effectiveness of the internal audit unit cannot be assured.

Recommendation

1.27.4 The Management of JFKMC should establish an audit committee

Management's Response

1.27.5 *We acknowledge and accept your observations and will ensure in close consultation with the Board of Directors that an audit committee is instituted at the JFKMC.*

Auditor General's Position

1.27.6 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.28 Internal Audit

Observation

1.28.1 Paragraph 1100 of the International Standards for the Professional Practice of Internal Auditing States that "the internal audit activity maintained by ministries and agencies must be independent, and internal auditors must be objective in performing their work."

1.28.2 In addition to Paragraph 1130.A1 of the above Standard, Internal Auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an Internal Auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

1.28.3 During the audit, we observed that Internal Auditors were involved in pre-audit (clearing vouchers before they are processed for payment).

Risk

1.28.4 Pre-audits are time consuming and burdensome to implement. Additionally, the internal audit unit could appear to be self-reviewing its own work in the event of a post audit by the unit.

Recommendations

1.28.5 The JFKMC Management should ensure that the Internal Audit Unit engages into an independent, objective assurance and consulting activity designed to add value and improve the JFKMC's operations

Management's Response

1.28.6 *Management acknowledges and accepts your recommendation and will ensure full implementation.*

Auditor General's Position

1.28.7 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.29 Lack of Policies

Observation

1.29.1 The Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control framework on control activities emphasizes that "Institutions deploy control activities through policies that established what is expected and procedures that put policies into action". Policy and Procedures are established and implemented to help ensure the risk responses are effectively carried out within an organization.

1.29.2 During the audit, it was observed that the Management of the JFKMC did not develop various policies to guide its operations. For example, No human resources policy, no policies on board fees, pool staff, bereavement, overtime, part-time, annual leave, interns, and fuel, even though several payments were made from these activities. **See Annexure 9a to 9c for details.**

Risk

1.29.3 The Failure to develop policies to guide the activities of the JFKMC could lead to arbitrary conduct of its operations which could deny the achievement of the institution's objectives.

Recommendation

1.29.4 The Management of JFKMC should ensure that the various policies are done.

Management's Response

- 1.29.5 *Management notes your recommendation and wishes to clarify that we have a Human Resource Manual that addresses the issue of salary, overtime, annual leave, interns, training etc. On the other hand, we will ensure that policies are developed for fuel distribution and honorarium as recommended. **See attachment #8***

Auditor General's Position

- 1.29.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.30 Fixed Assets Registry

Observation

- 1.30.1 Regulation V.4 (1-2) of the PFM Act of 2009 provides that Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency. The master inventory shall record under each category of item: (a) The date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held.

- 1.30.2 During the audit, it was observed that the inventory listing provided by the JFKMC Management lack the requisite pieces of information as required by Regulation V.4 (1-2) of the PFM Act of 2009.

- 1.30.3 Also, during the physical verification exercise, some assorted furniture and equipment were not coded while some vehicles and other assorted equipment were not functional. **See Annexure 10a and 10b for details.**

Risk

- 1.30.4 Failure to develop a complete inventory listing and coding of some assets could result to theft of the assets.

Recommendation

- 1.30.5 The Management of the JFKMC should develop a fixed asset listing and ensures that its fixed assets are coded in accordance with Regulation V.4 (1-2) of the PFM Act of 2009 as stated above.

Management's Response

- 1.30.6 *Management acknowledges and accepts your recommendation and will ensure the development of a Fixed Asset Register (FAR) and coding of assets.*

Auditor General's Position

- 1.30.7 We acknowledge Management's acceptance of our finding. We will make a follow-up on the implementation of the audit finding. However, Management should compile a fixed assets register/listing that meets the requirement of Regulation V.4 (1-2) of the PFM

Act of 2009 and submit it to the Office of the Auditor General within 30 days after the issuance of this report to the National Legislature.

1.31 Risk Management Policy

Observation

1.31.1 In terms of the COSO Framework the Management of an organization should develop a documented Risk Management Policy. This policy forms part of an organization's internal control and governance arrangements. The policy will further explain the organization's underlying approach to risk management. It gives key aspects of the risk management process, and identifies the main reporting procedures. This policy also defines roles and responsibilities of various levels of management.

1.31.2 During the audit, it was observed that the Management of JFKMC did not develop a Policy on Risk Management.

Risk

1.31.3 The failure to develop a documented Risk Management Policy could lead to management's inability to clearly conduct risk assessment and respond to risk that may impact on the achievement of institution's objectives.

Recommendations

1.31.4 The Management of the JFKMC should develop a Risk Management Policy.

Management's Response

1.31.5 *Management acknowledges and accepts your observation and will ensure that a risk management policy is developed, approved and utilized.*

Auditor General's Position

1.31.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.32 Organizational Structure

Observation

1.32.1 According to COSO Internal Control Framework, an entity should have an organizational structure that defines the entity's key areas of authority and responsibility. The organizational structure of an entity provides a basis for assignment of authority and responsibility, empowerment and accountability and appropriate lines of reporting. Empowerment and accountability relate to the manner in which this authority and responsibility are delegated throughout the organization. The organizational structure should be approved by an appropriate authority and there should be evidence of approval.

1.32.2 During the audit, there was no evidence of an approved organizational structure of the JFKMC.

Risk

- 1.32.3 Non availability of an approved organizational structure could lead to roles and responsibilities of an organization not being clearly defined.

Recommendation

- 1.32.4 The Management of JFKMC should develop an approved organizational structure.

Management's Response

- 1.32.5 *Management notes your recommendation and wishes to clarify that we have an organogram which was presented to the auditors. However, we will ensure that the organogram is updated and approved.*

Auditor General's Position

- 1.32.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.33 IT Security Policy

Observation

- 1.33.1 In terms of COBIT 4.1 DS5 in ensuring System Security an organization need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

- 1.33.2 Furthermore, A.14 of the PFM Regulations, all Public Sector computerized electronic records and systems shall be consistent with an approved integrated financial management automated system consistent with the (IT) Security Policy issued by the Management. The IT Security Policy defines that each user of a computerized accounting, records, inventories, assets, human resource management, payroll or any similar system must be given a user identification number (User ID) and a password or personal identification number (PIN) by the system administrator.

- 1.33.3 During the audit, it was observed that the JFKMC Management did not develop a policy on IT Security.

Risk

- 1.33.4 The absence of an IT Security Policy, responsibilities and accountabilities may not be assigned for ensuring security; measures supporting the management of IT security could not be implemented.

Recommendation

- 1.33.5 The Management of JFKMC should develop an IT Security Policy to safe guard its accounting and other records.

Management's Response

- 1.33.6 *Management acknowledges and accepts your recommendation and will ensure full implementation.*

Auditor General's Position

- 1.33.7 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.34 IT Strategic Plan

Observation

- 1.34.1 According to COBIT PO1 on an Organization Information Technology Strategic Plan states that strategic planning is required to manage and direct all IT resources in line with the business strategy and priorities. The IT function and the management of John F. Kennedy Medical Center are responsible for ensuring that optimal value is realized in IT services. The strategic plan improves the management of John F. Kennedy Medical Center understanding of IT opportunities and limitations, assesses current performance, identifies capacity and human resource requirements, and clarifies the level of investment required. The business strategy and priorities are to be reflected in the strategic plan which specifies concise objectives, action plans and tasks that are understood and accepted by both business and IT.

- 1.34.2 During the audit, it was observed that the JFKMC management did not develop an IT Strategic Plan.

Risk

- 1.34.3 The lack of an IT Strategic plan could lead to the Management of JFKMC not being unaware that IT Strategic Planning is needed to support business goals. The lack of IT Strategic Plan could also lead to business requirements not aligned with IT resources.

Recommendation

- 1.34.4 The Management of JFKMC should develop an IT Strategic Plan that would align IT resources with the entity's strategy and priorities.

Management's Response

- 1.34.5 *Management acknowledges and accepts your recommendation and will ensure an IT Strategic Plan is developed and aligned with the JFKMC strategies and priorities.*

Auditor General's Position

- 1.34.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

1.35 Disaster Recovery Plan

Observation

1.35.1 According to the COSO frame work on Control Environment, management of an entity should develop a documented Disaster Recovery Plan that would provide procedures to be followed in the event of a mishap or disaster. In addition this would enable the entity to prevent assets and information loss.

1.35.2 During the audit, it was observed that the JFKMC Management operated without disaster recovery plan.

Risk

1.35.3 The lack of disaster recovery plan could result to management not having clearly defined disaster management procedures to recover assets and information in the event of a disaster.

Recommendation

1.35.4 The Management of JFKMC should develop a disaster recovery plan.

Management's Response

1.35.5 *Management notes and accepts your recommendation and will ensure that a Disaster Recovery Plan is developed by the JFKMC.*

Auditor General's Position

1.35.6 We acknowledge Management's acceptance of our finding. However, we will make a follow-up on the implementation of the audit finding.

2 ACKNOWLEDGEMENT

- 2.1 We acknowledge the cooperation and assistance provided to the GAC Audit Team by the Management and staff of the John F. Kennedy Medical Center during the audit. The efforts and commitment of the GAC staff in conducting this audit are also gratefully acknowledged.


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

Monrovia, Liberia
October, 2017

See Annexure on CD Attached