



Promoting Accountability of Public Resources

## AUDITOR GENERAL'S REPORT

**On The Audit of Grand Cape  
Mount County Administration  
Funds**

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



**March, 2017**

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

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### **Acronyms/Abbreviations/Symbols**

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

## **Compliance Report on the Grand Cape Mount County Administration Funds for the Period July 1, 2013 to June 30, 2014.**

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

### **Management's Responsibility**

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

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

- Enable it undertake its contracts award, goods delivery, projects execution, evaluation and reporting in an effective and efficient manner as well as the preparation of documentation on the procurement/projects that are free from material misstatements whether due to fraud or error and in compliance with authorities that govern them;
- Provide reasonable assurance that adopted policies and prescribed procedures are adhered to and errors and irregularities, including fraud and illegal acts are prevented or detected; and to provide us with access to the following:
- All information of which the Grand Cape Mount 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 Grand Cape Mount 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 Grand Cape Mount County Administration Funds are in compliance, in all material respects, with stated laws and regulations.

An audit involves performing procedures to obtain sufficient appropriate evidence to support our conclusion. The procedures performed depend on the auditor's professional judgment, including assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those we believe are appropriate in the circumstances. We believe that the audit evidence gathered is sufficient and appropriate to provide the basis for our conclusion

### **Basis for Adverse Conclusion**

The Grand Cape Mount County Administration made payments amounting to US\$19,081 (Nineteen thousand eighty one United States dollars) without adequate supporting documentation to assure the regularity of the transactions.

The Grand Cape Mount County Administration made payments in the amount of US\$25,500.00 (Twenty-five thousand five hundred United States Dollars) without the expressed approval of the County Council's resolution.

The Grand Cape Mount County Administration made payments in the amount of US\$117,363.75 (One Hundred, seventeen thousand, three hundred, six-three United States Dollars and seventy-five cents) to MOTI General Construction Company without documentary evidence (completion certificates, assessment reports etc.) that the contractor performed based on the terms and conditions of the contract.

The Grand Cape Mount County Administration awarded contracts in the total amount of US\$423,400.28 (Four Hundred, twenty-three thousand, four hundred United States Dollars and twenty-eight cents) for various projects and services without a competitive bidding process as required by the Amended and Restated PPC Act of 2010.

### **Adverse Conclusion**

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

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

**Monrovia, Liberia**  
**March, 2017**

## BACKGROUND

### Background of the Grand Cape Mount County Administration Funds Audit

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 Grand Cape Mount County Administration Funds for periods July 1, 2013 to June 30, 2015. The Audit of the Grand Cape Mount County Administration Funds was commissioned on October 6, 2016.

The purpose of the Grand Cape Mount 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.

The Grand Cape Mount County Administration, for the period audited, had available in its account **US\$ 781,755.92** to fund activities for the period. In the same period, the county disbursed **US\$ 768,875.05** for projects and programs approved by the Grand Cape Mount County Development Council. The County Administration had a carry forward of US\$12,900.87. **Refer to Table 1 below for a breakout of receipts and disbursements.**

**Table 1: Schedule of Receipts**

Date	Source	Check/Reference #	Amount US\$
	<b>B/F- June 30, 2013</b>	N/A	54,869.67
	GOL SUPPORT-CDF/SDF		726,906.25
Total Receipts			<b>781,755.92</b>
<b>Schedule of Disbursements</b>			
Administration & Overhead			35,556.00
Bank Charges			135.50
Projects & Programs			<b>733,184.00</b>
Total Disbursement			<b>768,875.05</b>
Balance C/F			<b>12,900.87</b>

For the periods under audit, Grand Cape Mount County had the following management personnel who handled the administrative and financial affairs of the County.

**Table 2: Key Personnel**

No.	Name	Position	Tenure
1.	Hon. Tenneh V.S. Kpedebah	Superintendent	2015- Present
2	Mohammed Passawe	Former Superintendent	2012-2015
3.	Ennish Fahnbulleh	Assistant Superintendent/Development	2016
4	Hon. Rolando K. Woheel	Assistant Superintendent/ Fiscal Affairs	2015- Present
5.	Mr. Varney A. Pusah	Project Management Committee (PMC)- Chairman	2012-2016

### **Audit Objectives**

The main objective of the audit is to gather sufficient appropriate audit evidence to conclude whether the activities and financial information of the Grand Cape Mount 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 Standard 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 Grand Cape Mount 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 Grand Cape Mount 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

##### Observation

1.1.1.1 Regulation P.9 (2) of the Public Financial Management (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".

1.1.1.2 It was observed during the conduct of the audit that the Grand Cape Mount County Administration made payments amounting to **US\$30,901.00** (Thirty thousand, nine hundred, one United States dollars) 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 Grand Cape Mount County Administration should provide the necessary supporting documentation.

1.1.1.5 Going forward, the county administration should ensure that all supporting documentation are attached to payment to acquit expenditures made.

##### Management's Response

1.1.1.6 *Radio Cape Mount and the County Health Team have failed to give proper supporting documents to verify funding given to them by the County. However, going forward the County Administration through the PMC will put measures into place to avoid such from reoccurring. Please find hereto attached supporting documents of other transactions mentioned in this count.*

##### Auditor General's Position

1.1.1.7 We reviewed the documents provided by the County Administration which amounted to US\$11,820.00. Therefore, we have adjusted the payments without adequate supporting documentation to US\$19,081.00 (\$30,901.00-11,820.00) to be accounted for by the County Administration. **See Appendix 1for details.** Additionally, Management is in breach of financial discipline in line with Regulation A.20 PFM Act of 2009.

#### 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 Grand Cape Mount County Administration made payments of **US\$177,742.74** (One Hundred, seventy-seven thousand, seven hundred, forty-two United States Dollars and seventy-four cents) to several individuals rather than the service providers. Refer to **Appendix 2 for details.**

**Risk**

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

**Recommendation**

- 1.1.2.4 The Grand Cape Mount County Administration should provide substantive justification for authorizing payments in the names of individuals who did not directly provide goods and services.
- 1.1.2.5 Going forward, the County Administration should refrain from making payments to individuals and/or employees who did not directly provide goods and services to the County.

**Management’s Response**

- 1.1.2.6 *For your information, payments were not made to third party in this case. Payments were made in the name of companies awarded contract, but those checks were received by CEOs of those Companies. Please find hereto attached copy of check paid in favor of United Brothers Construction Organization (UBCO) and also official receipt received from East International and signed for by the CEO.*

**Auditor General’s Position**

- 1.1.2.7 The County Administration’s assertion is not materially justified. The payments were made in the names of the CEOs and not the companies that performed the services. Making payments in the names of individuals rather than the companies providing the goods or services could lead to under declaration of incomes thereby leading to the underpayment of GoL’s taxes. In addition, the County Administration is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

**1.1.3 Unauthorized, Irregular Expenditure**

**Observation**

- 1.1.3.1 Regulation E.16 (1) of the PFM Act, 2009 states that “a head of government agency may not authorize payment to be made out of funds earmarked for specific activities for purposes other than those activities.”
- 1.1.3.2 Additionally, Regulation A.15 (1) of the PFM Act of 2009, 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.

- 1.1.3.3 It was observed during the conduct of the audit that the Grand Cape Mount County Administration made payments in the amount of **US\$25,500.00** (Twenty-five thousand five hundred United States Dollars) without the expressed approval of the County Council’s resolution. **Refer to Table 2 below for details.**

**Table 2: Unauthorized, Irregular Expenditure**

Transaction Date	Payee	Description	Check #	Amount (US\$)
Sept. 21, 2013	NIL	Initial payment to the five administrative districts for the <b>Seed Bank project</b>	16136	\$20,000.00
Dec. 5, 2013	Alfred N. Quayjandii	Loan to the <b>Japanese Fund-</b> Publication & Facilitation of Bid Documents.	16139	\$5,500.00

**Risk**

- 1.1.3.4 Making payments on project outside of the County’s council resolution could undermine the objectives of the county’s development agenda and could result to unbudgeted expenditure.

**Recommendation**

- 1.1.3.5 The Grand Cape Mount County Administration should provide justification for making payment without the County Council’s resolution.
- 1.1.3.6 Going forward, the Grand Cape Mount County administration should make payment(s) that are authorized by the County’s council resolution.

**Management’s Response**

- 1.1.3.7 *Management did not respond to this observation*

**Auditor General’s Position**

- 1.1.3.8 In the absence of a response by the County Administration, the expenditure without a county resolution is an ineligible expenditure for which Management should be held accountable. Additionally, the County Administration is in breach of financial discipline in line with Regulation A.20 of the 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 Grand Cape Mount County Administration did not withhold and remit into Government of Liberia Revenue Accounts the amount of **US\$27,442.28** (Twenty- seven thousand, four hundred, forty-two United States dollars and twenty-eight 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 Grand Cape Mount County Administration should provide material justification for not withholding and remitting applicable taxes in GoL Account. Additionally, the unremitted taxes, associated interest and penalties should be computed and remitted to GOL Account.
- 1.1.4.5 Going forward, the Grand Cape Mount County Administration should ensure that all applicable taxes are withheld and remitted timely to GOL Revenue Account.

#### **Management’s Response**

- 1.1.4.6 *In this case of withholding taxes, the County is required to withhold two percent (2%) of the total cost which is referred to as presumptive tax or ten percent (10%) tax that is applied on only the labor cost of the contract. Taxes were withheld by the PMC but not remitted. According to the PMC, checks were drawn to remit the taxes but when they took the checks to LRA, they were told that the County does not have a TIN number, therefore the check was not accepted. Meanwhile, the County will ensure that all taxes are remitted on time going forward.*

#### **Auditor General’s Position**

- 1.1.4.7 The County Administration provided no evidence that the LRA rejected the county tax payments. Therefore, we maintain our recommendations.

## 1.2 Compliance Issues

### 1.2.1 Breach of Contract

#### Gondor's Town, Gola Konneh District Health Clinic Project

##### Observation

- 1.2.1.1 Article III of the construction contract between Grand Cape Mount County administration and Massfreed General Construction and Maintenance Services for the Gola Konneh Health Clinic project states that "the constructor shall effect all works to be performed under this contract for a period not more than six month. The contractor shall make all latent defects, which occur in the scope of working during the contract period. The contractor shall also have the option to request "no cost" extension of the project duration in case there are shortfalls on the remittance of funds for the project implementation. Should such situation arises; the contractor shall notify the owner in due course and shall submit a written request for extension of the project during specifying the exact date therein."
- 1.2.1.2 It was observed during the conduct of the audit that Grand Cape Mount County Administration made payments in the amount of **US\$93,660.22** (Ninety-three thousand, six hundred, sixty-six United States Dollars and twenty-two) to MASSFREED Maintenance Construction Company without documentary evidence (completion certificates, assessment reports etc.) that the contractor performed based on the terms and conditions of the contract. The project was signed on 23 May, 2013 and was due to be completed within the period of six months.
- 1.2.1.3 During the physical verification of the clinic projects in December 2016, we observed that the clinic project appears not to be completed. We could not determine whether the clinic project was constructed based on the contract terms and conditions as the BOQs, project supervision reports, project completion certificates and other documents were not available for review.



**GAC Photo 3: A partial view of Gondor's Town Community Clinic project in Gola Konneh district, Grand Cape Mount County**

### **Risk**

- 1.2.1.4 Non-adherence to contract terms could lead to delay and/or non- achievement of the County's development objectives.

### **Recommendation**

- 1.2.1.5 The Grand Cape Mount County Administration should provide material justification that Massfreed General Construction and Maintenance Services complied with the contract terms and conditions.
- 1.2.1.6 Going forward, the County Administration should ensure that contract terms are met before payments are made to contractors for services rendered.

### **Management's Response**

- 1.2.1.7 *The process leading to the hiring of all contractors constructing the six Clinics were fully in compliance with the PPCC regulation which requires when using the National Competitive Bidding (NCB), procuring entity should advertise for four weeks. Please find hereto attached copy of procurement committee minutes, evaluation minutes, bid opening minutes and contract of two vendors that were not submitted during the audit.*

### **Auditor General's Position**

- 1.2.1.8 The County Administration did not adequately address the issues raised in this observation. Therefore, Management is in the breach of Article III of the construction contract between Grand Cape Mount County administration and Massfreed General Construction and Maintenance Services for the Gola Konneh Health Clinic project.

### **Sewu, Tewor District Health Clinic Project**

#### **Observation**

- 1.2.1.9 Article III of the construction contract between Grand Cape Mount County administration and MOTI General Construction and Maintenance Service for the Tewor District Health Clinic project states that "the constructor shall effect all works to be performed under this contract for a period not more than three months. The contractor shall complete and all general works on the main building on/or before July 15, 2013."
- 1.2.1.10 It was observed during the conduct of the audit that the Grand Cape Mount County Administration made payments in the amount of **US\$117,363.75** (One Hundred, seventeen thousand, three hundred, six-three United States Dollars and seventy-five cents) to MOTI General Construction Company without documentary evidence (completion certificates, assessment reports etc.) that the contractor performed based on the terms and conditions of the contract. The project was signed on 5 June, 2013 and was due to be completed within the period of six months
- 1.2.1.11 During the physical verification of the clinic projects in December 2016, we observed that the clinic project appears not to be abandoned and deteriorating. We could not determine whether the clinic project was constructed based on the contract terms and

conditions as the BOQs, project supervision reports, project completion certificates and other documents were not available for review.



**GAC Photo 1: Front view of the Sewu Community Clinic Project in Tewor district, Grand Cape Mount County**



**GAC Photo 2: A view of the ceiling of Sewu Community Clinic**

**Risk**

- 1.2.1.12 Non-adherence to contract terms could lead to delay and/or non- achievement of the County's development objectives.

**Recommendation**

- 1.2.1.13 The Grand Cape Mount County Administration should provide material justification that Massfreed General Construction and Maintenance Services complied with the contract terms and conditions.
- 1.2.1.14 Going forward, the County Administration should ensure that contract terms are met before payments are made to contractors for services rendered.

### **Management's Response**

- 1.2.1.15 *For your information, the Sewu clinic and the Jaaja Clinic are constructed by MOTI Construction Company and UBCO Contracture Company. Sewu Clinic was constructed and completed in 2013. This clinic was dedicated by the Vice President of the Republic of Liberia and turned over to the County health team, but from 2013 up to current the health team has said that they have received no fund from the Ministry of Health to operationalize the clinic. For the Jaaja clinic and the extension of the Sewu clinic, it was reported by the M & E team that the constructors have abandoned the work. The Superintendent did series of communication to the County Attorney requesting his intervention in ensuring that these contractors are brought to book to answer questions. Please find hereto attached copy of communications sent to the County Attorney office*

### **Auditor General's Position**

- 1.2.1.16 The County Administration did not provide for our review Certificates of Completion, Project Assessment Reports and other required documents as evidence that the project was completed and dedicated. Therefore, the Management is in breach of Article III of the construction contract between Grand Cape Mount County administration and MOTI General Construction and Maintenance Service for the Tewor District Health Clinic project.

### **Jaaja Community, Garwular District Health Clinic Project**

#### **Observation**

- 1.2.1.17 Article III of the construction contract between Grand Cape Mount County administration and United Brothers Construction Organization for the Garwular District Health Clinic project states that "the constructor shall effect all works to be performed under this contract for a period not more than six month. The contractor shall make all latent defects, which occur in the scope of working during the contract period. The contractor shall also have the option to request "no cost" extension of the project duration in case there are shortfalls on the remittance of funds for the project implementation. Should such situation arises; the contractor shall notify the owner in due course and shall submit a written request for extension of the project during specifying the exact date therein."
- 1.2.1.18 It was observed during the conduct of the audit that Grand Cape Mount County Administration made payments in the amount of US\$93,040.28 (Ninety-three thousand, forty United States Dollars and twenty-eight) to United Bros. Construction Company (UBCO) without documentary evidence (completion certificates, assessment reports etc.) that the contractor performed based on the terms and conditions of the contract. The project was signed on 23 May, 2013 and was due to be completed within the period of six months.
- 1.2.1.19 During the physical verification of the clinic projects in December 2016, we observed that the clinic project appears not to be completed. We could not determine whether the clinic project was constructed based on the contract terms and conditions as the

BOQs, project supervision reports, project completion certificates and other documents were not available for review.



**GAC Photo 1: Front view of the Jaaja Community Project in Garwular district, Grand Cape Mount County**

### **Risk**

- 1.2.1.20 Non-adherence to contract terms could lead to delay and/or non- achievement of the County's development objectives.

### **Recommendation**

- 1.2.1.21 The Grand Cape Mount County Administration should provide material justification that Massfreed General Construction and Maintenance Services complied with the contract terms and conditions.
- 1.2.1.22 Going forward, the Grand Cape Mount County Administration should ensure that Massfreed General Construction and Maintenance Services complied with the terms and conditions enshrined in the contracts.

### **Management's Response**

- 1.2.1.23 *The process leading to the hiring of all contractors constructing the six Clinics were fully in compliance with the PPCC regulation which requires when using the National Competitive Bidding (NCB), procuring entity should advertise for four weeks. Please find hereto attached copy of procurement committee minutes, evaluation minutes, bid opening minutes and contract of two vendors that were not submitted during the audit.*

### **Auditor General's Position**

- 1.2.1.24 The County Administration did not adequately issues raised in this observation. Management did not provide for our review certificates of completion, Project Assessment report and other required documents. Therefore, the management is in breach of Article III of the construction contract between Grand Cape Mount County

administration and United Brothers Construction Organization for the Garwular District Health Clinic project.

## 1.2.2 Payments not in Line With PPC Act

### Observation

1.2.2.1 Section 46 (1&3) of the amended and restated Public Procurement & Concession Commission Act of 2010 states that "(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 for particular methods of procurement. (3) Procuring Entities may use only those methods of procurement authorized by this Act. If a Procuring Entity uses a method of procurement other than advertised open competitive bidding, it shall note in the record of the procurement proceedings the grounds for the choice of the procurement method."

1.2.2.2 It was observed during the conduct of the audit that the Grand Cape Mount County Administration awarded contracts and made payments in the total amount of **US\$423,400.28** (Four Hundred, twenty-three thousand, four hundred United States Dollars and twenty-eight cents) for various projects and services without a competitive bidding process as required by the Amended and Restated PPC Act of 2010. **Refer to Appendix 5 for details. Note: Appendix 4 is not exhaustive; PPC violations were identified based on the review of payments supported by contract agreements.**

### Risk

1.2.2.3 Non-adherence to the PPC Act could undermine competitive procurement process and value for money may not be achieved.

### Recommendation

1.2.2.4 The Grand Cape Mount County Administration should provide material justification for not adhering to the amended and restated PPC Act of 2010, specifically section 41 (1-3).

1.2.2.5 Going forward, the Grand Cape Mount County Administration should adhere to the amended and restated PPC Act of 2010, specifically section 41 (1&3).

### Management's Response

1.2.2.6 *Due to damage caused by storm and the relocation of the PMC Office, most documents got damaged/ missing from the payment vouchers. Please find hereto attached a full procurement process followed by the County Administration in making payment to vendors. Attached are procurement committee minutes, bid evaluation panel reports, etc.*

### Auditor General's Position

1.2.2.7 The County Administration did not attach the documents related to the procurement as

asserted. Therefore, the Management is in breach of Section 46 (1 and 3) of the amended and restated Public Procurement & Concession Commission Act of 2010.

### 1.2.3 Projects Supervision and Implementation

#### Observation

1.2.3.1 Section 41 of the Amended and Restated PPC Act of 2005 and 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 the implementation of projects by the Grand Cape Mount County Administration for the period audited appears to have not been regularly monitored by the Project Management Committee or other designated authorities. We requested but was not provided project assessment reports, engineering reports or other evidence of monitoring and supervision.

#### Risk

1.2.3.3 Untimely monitoring and supervision of projects or programs could lead to delay or the non-achievement of county objectives.

#### Recommendation

1.2.3.4 The Grand Cape Mount Administration should provide material justification for not completing the identified projects as scheduled including the abandoned project.

1.2.3.5 Going forward, the Grand Cape Mount County Administration should ensure regular supervision over the implementation of projects.

#### Management's Response

1.2.3.6 *Corrective measures will be put into place to avoid such from reoccurring.*

### **Auditor General's Position**

- 1.2.3.7 We acknowledge Management's acceptance of our observation; However, Management is in breach of Section 41 of the Amended and Restated PPC Act of 2010.

### **1.2.4 Fixed Assets Management**

#### **Observation**

- 1.2.4.1 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".

- 1.2.4.2 It was observed during the conduct of the audit that the Grand Cape Mount County Administration did not maintain fixed assets registry that would show a list of coded assets, date of purchase, cost, location and current condition.

#### **Risk**

- 1.2.4.3 In the absence of fixed assets listing, the ownership and existence of the projects assets cannot be assured and can be susceptible to theft.

#### **Recommendation**

- 1.2.4.4 The Grand Cape Mount County Administration should provide material justification for not providing fixed assets listings for all assets acquired for the period under audit.
- 1.2.4.5 Additionally, proper fixed assets internal controls policies and procedures aligned with PFM regulations should be adopted and implemented for the maintenance of fixed assets.
- 1.2.4.6 Going forward, the Grand Cape Mount County Administration should provide fixed assets listing for all assets acquired and disposed for the period under audit.

#### **Management's Response**

- 1.2.4.7 *Going forward, the county will develop a fixed assets internal control policies that with aid in the management of fixed assets of the county.*

#### **Auditor General's Position**

- 1.2.4.8 The County Administration has the responsibility to maintain adequate control over its fixed assets. The County Administration should provide the Fixed Assets listing 30 days after the issuance of the reports to the GAC for validation

## **2 ACKNOWLEDGEMENT**

- 2.1 We acknowledge the cooperation and assistance provided to the GAC Audit Team by the Management and staff of the Grand Cape Mount County Administration and the Minister and staff of the Ministry of Internal Affairs during the audit. The efforts and commitment of GAC staff in conducting this audit are also gratefully acknowledged.

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

**Monrovia, Liberia**  
**March, 2017**

## **APPENDIX**

**Appendix 1: Payments without supporting documentation**

No.	Date	Payee	Description	Voucher #	Check #	Amount	Documentation Missing
2.	July 19, 2013	Radio Cape Mount	Subsidy to Radio Cape Mount 102.4	96	2540	5,000.00	Evidence of expenditure, LPO, invoices, three quotations, delivery notes
4.	Sept. 21, 2013	Grand Cape Mount County Health Team	Subsidy for Grand Cape Mount Co Health Team for Damballa and Singa Health Center	101	16132	5,356.00	Evidence of expenditure, LPO, invoices, three quotations, delivery notes
5.	Aug.17, 2013	PMC Treasurer	Payment to PMC for operation	97	2541	8,725	LPO, three quotations
						<b>19,081.00</b>	

**Appendix 2: Payments to third party**

No.	Date	Description	Third Party	Second Party	Check #	Amount (US\$)	Comment
2	12/11/2013	40% first installment paid East International Group Inc.	Cao Yun Feng	East International	16146	59,098.48	There was no evidence of valid receipt to authenticate payment to second party
4	12/12/2013	40% first installment paid to East International Group Inc.	Cao Yun Feng	East International	16145	59,098.48	There was no evidence of valid receipt to authenticate payment to second party
6	12/12/2013	40% first installment paid to (UBCO) United Brothers Construction for a clinic in Jaajah, Garwula District	Mohammed A. Perry	United Brothers Construction	16143	59,545.78	There was no evidence of valid receipt to authenticate payment to second party
						<b>177,742.74</b>	

**Appendix 3: Withholding Taxes**

No	Date	Payee	Check #	Payment	Tax rate	Tax Amount (US\$)
1	6/21/2013	Urban Builders, Inc.	2538	39,180.02	10%	3,918.00
2	8/17/2013	GRACE Inc.	2543	30,000.00	10%	3,000.00
3	9/21/2013	GRACE Inc.	16133	15,000.00	10%	1,500.00
4	12/11/2013	Cao Yun Feng	16146	59,098.48	10%	5,909.85
5	12/12/2013	Cao Yun Feng	16145	59,098.48	10%	5,909.85
6	12/12/2013	Mohammed A. Perry	16143	59,545.78	10%	5,954.58
7	6/18/2014	Community Aid Liberia (CAL) Inc.	16153	2,500.00	10%	250.00
8	3/20/2014	B & V Timber Company	16155	10,000.00	10%	1,000.00
						<b>27,442.28</b>

**Appendix 4: Payments not in Line with PPC Act**

No.	Project Description	Contractor	Amount	Comment
1	Sewu Health center Project	Moti General Construction Services	27,615.00	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
2	Momo Tarwah Sport Stadum Project	GRACE Inc.	30,000.00	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
3	Robertsport Street Rehabilitation in Robertsport City	Lonrinenral Machinery	34,500.00	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
4	construction of	Alfred N. Quayjandil	5,500.00	National Competitive bidding procedures were not followed. There



<b>Appendix 4: Payments not in Line with PPC Act</b>				
<b>No.</b>	<b>Project Description</b>	<b>Contractor</b>	<b>Amount</b>	<b>Comment</b>
	concrete bridges in Commonwealth, Tewor, and Porkpa districts			was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
5	Porkpa Health Clinic Project	East International	59,098.48	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
6	Damballa Health Center	ZAF Construction & Maintenance	75,600.00	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
7.	Jaaja Community Clinic	East International Group Inc.	59,098.48	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
8.	Clinic project	Massfreed Maintenance and General Construction Serviced	59,942.54	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
9.	Jaaja Community Clinic	United Brothers Construction	59,545.78	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
10	Rehabilitation of the Lafia Senior High Sch	Community Aid Liberia (CAL) Inc.	2,500	Request for Quotation procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract; Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.

<b>Appendix 4: Payments not in Line with PPC Act</b>				
<b>No.</b>	<b>Project Description</b>	<b>Contractor</b>	<b>Amount</b>	<b>Comment</b>
11	rehabilitation of major road	B & V Timber Company	10,000.00	National Competitive bidding procedures were not followed. There was no evidence of procurement committee minutes, bid evaluation panel report, Contract, Bill of quantity, Articles of Incorporation & Business Registration documents ect. attached to payment vouchers.
			<b>423,400.28</b>	