



## Management Letter

### On The Closeout Audit of the Integrated Public Financial Management Reform Project (IPFMRP) Ministry of Finance and Development Planning

*For the Period June 2016 to July 2017*



**Promoting Accountability of Public Resources**

**Monrovia, Liberia**

December, 2017

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

## **Table of Contents**

<b>1</b>	<b>DETAILED FINDINGS AND RECOMMENDATIONS .....</b>	<b>5</b>
<b>1.1</b>	<b>Compliance Issues.....</b>	<b>5</b>
1.1.1	Payment vouchers without adequate supporting documents.....	5
1.1.2	Payment without supporting documentation.....	6

December 30, 2017

Christopher Sokpor, PhD  
Unit Manager  
Integrated Public Financial Management Reform Project (IPFMRP)  
Monrovia, Liberia

Dear Dr. Sokpor:

**Re: Management Letter on the Audit of the Integrated Public Financial Management Reform Project (IPFMRP) for the period July 1, 2016 to June 30, 2017.**

The Audit of the Financial Statements of the Integrated Public Financial Management Reform Project (IPFMRP) for the period July 1, 2016 to June 30, 2017 was commissioned by the Auditor-General (AG) under AG'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).

**Introduction**

The Audit of the IPFMRP for the fiscal period ended June 30, 2017 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**Audit Scope and Methodology**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) as well as the Engagement (Audit) Terms of Reference. These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual Financial Statements.

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

The audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the IPFMRP Management. Our responsibility is to express our opinion on these financial statements.

The audit findings which were identified during the course of the audit, are included below.

**APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the IPFMRP during the audit.

Sincerely,



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

### Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AfDB	African Development Bank
AG	Auditor General
APA	Assistant Project Accountant
BEP	Bid Evaluation Penal
CBL	Central Bank of Liberia
CGMA	Chartered Global Management Accountant
COBIT	Control Objective & Related Information Technology
COSO	Committee of Sponsoring Organizations
CPA	Certified Public Accountant
GAC	General Auditing Commission
GOL	Government of Liberia
IDA	International Development Assistance
IPFMRP	Integrated Public Financial Management Reform Project
IPSAS	International Public Sector Accounting Standards
M & E	Monitoring and Evaluation
MSC	Ministerial Steering Committee
PFM Act	Public Finance Management Act
PFMU	Project Financial Management Unit
PPC Act	Public Procurement & Concessions Act
PPCC	Public Procurement and Concessions Commission
PV	Payment Voucher
SPA	Senior Project Accountant
US\$	United States Dollar

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Compliance Issues

#### 1.1.1 Payment vouchers without adequate supporting documents

1.1.1.1 Section 7.12.1 of the Financial Procedures Manual of the PFMU requires that if an advance payment is to be made for goods and services, the implementing unit will first forward a copy of the Purchase Contract or Contract for services and the LPO or written Order to PFMU indicating that an advance payment is required under the terms of the contract.

1.1.1.2 Additionally, Section 13.5.5 states that, "Evaluation Report be sent to IDA / AfDB for approval; on receipt of the No Objection to the Evaluation Report an Award Letter or Letter of Acceptance is issued to the successful bidder. A Purchase Contract is entered into with the successful bidder."

1.1.1.3 During the audit, it was observed that several payments were carried out without adequate supporting documentation. **See Table 5: below for details:**

**Table 5: Payment vouchers adequate supporting documents**

No.	Voucher Date	Check #	Payee	Voucher Reference #	Amount US\$
1	12/01/2017	3646	Albert Saab	2017/563	10,250.00
	<b>TOTAL</b>				<b>US\$ 10,250.00</b>

#### Risk

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

#### Recommendation

1.1.1.5 The IPFMRP Management should provide justification for making the above payments.

#### Management's Response

1.1.1.6 *The payment to Albert Saab was a one off payment in settlement of claims for not awarding him a contract he was called to sign. The consultant had to travel from the USA to Liberia in honor of contract negotiation between himself and the LRA. After further consultations with the consultant, a meeting was called to amicably resolve the impasse. During the meeting, an agreement was reached which specified two months and half salaries and a flat rate airfare of US\$1,500.00 which was approved by the TTL. The entire document on Albert Saab recruitment was given to the Audit Team. **See attached Exhibit 5.***

### Auditor General's Position

1.1.1.7 The assertion made by the IPFMRP Management is not backed by supporting documentation. Therefore, the IPFMRP Management should be held accountable for the above payment.

### 1.1.2 Payment without supporting documentation

#### Observation

1.1.2.1 Section 4.11.1 of the PFMU Financial Procedures Manual states that" With respect to expenditure:

- PFMU will make reference to the appropriate Vote Control Book to ensure that requests for funds are within the budget limit for the year;
- PFMU will advise against payment where allocated amounts have been exhausted
- PFMU will ensure that all qualifying requests for funds are backed up by relevant documents and are in line with the annual work plan. See Section 7.5.2 for supporting documents required to Payment Requests from the Implementing Agencies."

1.1.2.2 During the audit, it was observed that payment for accommodation, feeding, DSA and Hall rental amounting to **US\$ 15,000.00** was paid to the Public Accounts Committee (PAC) to conduct preparatory work for the holding of Public Hearing without any supporting documentation to back the expenditure. **See table 6: below for details.**

**Table 6: Payment without documentation**

Transaction Date	Transaction Reference	Check & PV No.	Payee	Accommodation US \$ A	DSA US \$ B	Transportation (fuel) US \$ C	Break fast US \$ D	Hall rental US \$ E	Total US \$ F=A+B+C+D+E
07/11/2016	2017/361	3466 - 2017/361	Public Accounts Committee Secretariat	4,960.00	5,940.00	1,740.00	1,840.00	520.00	15,000.00

#### Risk

1.1.2.3 The authenticity of the expenditure could be in doubt in the absence of supporting documentation.

**Recommendation**

- 1.1.2.4 The IPFMRP Management should provide the supporting documentation for the expenditure

**Management's Response**

- 1.1.2.5 *The payment in question was made to the Public Account Committee (PAC) of the House of Representatives. The staff receiving the payment on behalf of the PAC is a bonified staff of the Public Accounts Committee of the house of representative. The staff provided supporting document(receipt) and a bonifide identification card. Please note that payment was issued to a government entity and not a vendor. See attached supporting documents for ease of reference. Exhibit 8*

**Auditor General's Position**

- 1.1.2.6 The assertion made by the IPFMRP Management does not address the issue raised by the GAC. Therefore, we maintain our recommendation.