

## **Management Letter**

### **On the GOL Consolidated Fund Financial Statements**

For Fiscal Year Ended June 30, 2015



### **Promoting Accountability of Public Resources**

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

Monrovia, Liberia  
February, 2017

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## **Management letter**

10 February 2017

Hon. Boima S. Kamara  
Minister of Finance and Development Planning  
Monrovia, Liberia

Dear Hon. Kamara:

### **The Audit of the Government of Liberia Consolidated Fund Financial Statements for the fiscal Period 2014/2015 performed by the Auditor General**

The Government of Liberia Consolidated Fund Financial statements are subject to audit by the Auditor-General in terms of Section 2.1.3 of the New GAC Act of 2014 as well as in accordance with the Public Financial Management Act and Regulations of 2009. The audit covered the fiscal year 2014/2015.

#### **INTRODUCTION**

The audit of the Government of Liberia Consolidated Fund financial statements for the year ended June 30, 2015 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

#### **SCOPE AND DETERMINATION OF RESPONSIBILITY**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). 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 will also include 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 Accounting Officer. Our responsibility is to express our opinion on these financial statements.

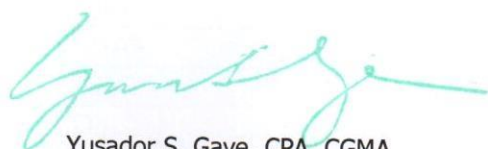
**Below are key Management Personnel who managed the affairs of the Ministry of Finance and Development Planning during the period under audit.**

<b>No.</b>	<b>Name</b>	<b>Rank</b>	<b>Time Served</b>
1.	Hon. Amara M. Konneh	Minister	2013-2016
2.	Hon. Edward M. Eesieh	Deputy Minister for Administration	2013 to 2016
3.	Dr. James K. Kollie	Deputy Minister for Fiscal Affairs	2013 to 2016
4.	Dr. Moniour Siaplay	Deputy Minister for Economic Management	2013 to 2016
5.	Hon. Tenneh Brunson	Deputy Minister for Budget and Development Planning	2013 to Present
6.	Mr. Sekou A. Sanor	Comptroller and Accountant General	2013 to 2016
7.	Mr. Prince M. Lighe	Audit Focal Person	2015 to Present

#### **APPRECIATION**

We would like to express our appreciation for the courtesy and assistance rendered by the staff of the Ministry of Finance and Development Planning during the audit.

Yours Faithfully,



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

### ACRONYMS USED

Acronym	Meaning
AFDB	African Development Bank
AG	Auditor General
CAG	Comptroller and Accountant General
CF	Consolidated Fund
CGMA	Chartered Global Management Accountant
CFE	Certified Fraud Examiner
COBIT	Control Objective for Information Technology
COSO	Committee on Sponsoring Organizations of the Treadway Commission
CPA	Certified Public Accountant
CSA	Civil Service Agency
DMU	Debt Management Unit
EBID	EOWAS Bank for Investment and Development
EDP	Electronic Data Processing
GAC	General Auditing Commission
GC	Governance Commission
GoL	Government of Liberia
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standard of Supreme Audit Institutions
IT	Information Technology
M&As	Ministries and Agencies
ML	Management Letter
MLM&E	Ministry of Lands, Mines & Energy
MFDP	Ministry of Finance and Development Planning
MOS	Ministry of State
PFM	Public Finance Management
T-bills	Treasury Bills

## 1 DETAILED OBSERVATIONS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Submission of Financial Statements

##### Observation

- 1.1.1.1 PFM Regulation I.11 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. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint, and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia”.
- 1.1.1.2 During the audit, we observed that forty-four (44) Ministries and Agencies listed in **Annexure 1** did not produce financial statements for consolidation.

##### Risk

- 1.1.1.3 The failure by Ministries and Agencies to provide financial statements may undermine the credibility of the GoL Consolidated Fund financial statements.

##### Recommendation

- 1.1.1.4 The Heads of Government Ministries and Agencies listed in **annexure 1** should provide substantive justification for failing to prepare financial statements as required by PFM Regulation I.11.
- 1.1.1.5 In addition, the Management of MFDP should justify how the GoL Consolidated Funds financial statements were derived with the non-inclusion of 44 public sector entities.

##### Management’s Response

- 1.1.1.6 *Management agrees that this is a challenging area, however, management has been and is still working with various Ministries and Agencies in ensuring that the PFM Regulation I.11 (2010) is fully adhere to. Management agrees with the observations and considers that this practice seriously undermines the Government’s accountability and transparency efforts. To address this situation, the office of the Comptroller and Accountant General (CAG) begun and is still engaging all spending entities to ensure the fulfillment of their statutory responsibilities as stipulated in the Public Financial Management (PFM) Regulations I.9 and I.11 through workshops and reminder letters.*
- 1.1.1.7 *This practice of non-compliance is pervasive, with constant reminder letters from the CAG’s office. See Exhibit 1. We are committed to redoubling our efforts to ensure compliance, including the naming and shaming of non-compliance entities and the*

*application of sanction for continuous Violators.*

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

1.1.1.1 We acknowledge Management's acceptance of our recommendation. However, the Management of MFDP needs to evoke A.20 of the PFM Regulations against any spending entity that refused to prepare and submit financial statements as required by the PFM Act of 2009.

### **1.1.2 IFMIS Trial Balance**

#### **Observation**

1.1.2.1 The Government of Liberia IFMIS Rollout Strategy Section 2.1 requires that the objective of the GoL Integrated Financial Management Information System (IFMIS) is to improve Public Expenditure Management processes, enhance greater accountability and transparency across Ministries and Agencies. In this regard, in order to ensure greater accountability and transparency, all payments on the consolidated account should be made through the IFMIS accounting system.

1.1.2.2 In addition, PFM Regulation Section A.3 (Paragraph 1-3) 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 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 the Minister".

1.1.2.3 During the audit, we observed that the trial balance produced from IFMIS for FY 2014/2015 was unbalanced by **US\$4,538.60** which was traceable to Real Estate Tax payable.

#### **Risk**

1.1.2.4 The unbalanced trial balance could undermine the validity of the GoL Consolidated Fund Financial Statements for FY 2014/2015.

1.1.2.5 Furthermore, the unbalanced trial balance violates the concept of double entry accounting which requires that the total of debit entries equal the total credit entries.

#### **Recommendation**

1.1.2.6 Management should give justification for producing the GoL Consolidated Fund financial statements from a trial balance that is not balanced.

1.1.2.7 Going forward, the CAG should ensure that the IFMIS system is made to produce exception reports to alert the Systems' Administrator on discrepancy in the recording of



accounting information for timely corrective action.

**Management’s Response**

1.1.2.8 *Management has engaged IFMIS service provider to undertake corrective measures and fix these systems glitches. Steps have been taken to improve the operational efficiency of IFMIS so that every financial transaction are recorded and secured within the IFMIS system.*

**Auditor General’s Position**

1.1.2.9 We acknowledge Management’s acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

**1.1.3 Deficiency in Tax Administration System (TAS)**

**Observation**

1.1.3.1 PFM Regulation Section A.3 (Paragraph 1-3) 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 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 the Minister”.

1.1.3.2 During the audit, we observed that data extracted from two separate computers at the Liberia Revenue Authority (LRA) head office using the Tax Administration System (TAS) produced different balances in United States Dollars for some tax kinds. **See details in the table below:**

**Table#1: Showing difference balances in TAS report form two computers**

Code	Tax Kind	Computer #1	Computer #2	Variance US\$
115137	Excise tax on non-alcoholic beverages (imported)	971,461.79	970,316	1,145.81
115131	Excise tax on alcoholic beverages (imported)	1,930,168.62	1,930,139	29.60
115126	Customs penalties and fines	6,099,187.24	6,073,345	25,842.65
115127	GST on imported goods (excluding petroleum)	42,490,880.92	42,490,823	57.64
115111	Import duties on goods other than rice and petroleum	58,592,260.16	58,587,724	4,536.66
115124	Customs user fees	4,139,853.37	4,139,069	784.24
115149	Excise tax on other imported goods n.e.c.	4,710,370.51	4,707,802	2,568.57
<b>Total</b>				<b>34,965.17</b>

- 1.1.3.3 Furthermore, despite several attempts to obtain explanation for the variances, no reason was given.

**Risk**

- 1.1.3.4 The inconsistency could cast doubt on data from TAS.

**Recommendations**

- 1.1.3.5 LRA Management should thoroughly investigate and find the source or cause of the variances of the cause of the variances. The system support unit should be contacted to determine whether this is an application error.
- 1.1.3.6 Further, management should review data from the various revenue application systems monthly to timely correct errors identified.

**Management's Response**

- 1.1.3.7 *We note the Auditors' observation. Investigation into the situation showed that it was due to two different versions of SIGTAS installed on the two different computers. We realized that during the rollout of SIGTAS, some staff had different versions installed on their computers other than the version on the main server. This situation has been resolved by uninstalling all other versions from every computer and maintaining a single version.*
- 1.1.3.8 *In addition, we are confident that the situation has no effect on the revenue management system, including the accuracy, completeness and reliability of revenues assessed, collected and reported.*

**Auditor General's Position**

- 1.1.3.9 We acknowledge Management's acceptance of our recommendation. However, the LRA Management should also note that running two different versions of SIGTAS which produce two different balances for the same revenue item does have effect on the revenue management system including the accuracy, completeness and reliability of revenues assessed, collected and reported.

**1.1.4 Reversal of Transactions in the Tax Administration System**

**Observation**

- 1.1.4.1 DS11.1 of the CoBit 4.1, requires that all data expected for processing be received and processed completely, accurately and in a timely manner, and that outputs should be delivered in accordance with business requirements.
- 1.1.4.2 In addition, DS7 of the CoBit 4.1 entails identifying the training needs of each user group by defining and executing a strategy for effective training and measuring.

- 1.1.4.3 An effective training program increases effective use of technology by reducing users' errors, increasing productivity and increasing compliance with key controls, such as user security measures.
- 1.1.4.4 During the audit we noted that thirty-four (34) transactions that amounted to **US\$6,886.30** were processed and later reversed in the Tax Administration System. We also noted that these transactions seemed unusual since the negative numbers were accompanied by check numbers and Bank Payment Slip (BPS) numbers.
- 1.1.4.5 In addition, we observed that there was no evidence that the reversals were authorized and approved by the requisite LRA authority. **See Annexure 2 for details**

#### **Risk**

- 1.1.4.6 The reversals could cast doubts on the validity and completeness of revenue reported in the GoL Consolidated fund financial statements for FY 2014/2015.

#### **Recommendation**

- 1.1.4.7 The System Administrator for TAS should provide substantive justification backed by documentary evidence for the reversals in TAS. Further, the System Administrator for TAS should provide evidence for the authority of the reversals.
- 1.1.4.8 In addition, the Management of LRA should review the transactions entered into, the various application systems and to provide explanation for any unusual items such as reversals, deletions, etc.
- 1.1.4.9 Management should establish system to reduce the number of users' processing errors and reversals.

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

- 1.1.4.10 *We have looked into the Auditors' observation. These transactions are not reversals in TAS but legitimate transactions in ASYCUDA. We operate a self-declaratory regime wherein importers and exporters self-declare, assess and make payment on the commercial values of their imports or exports. Whenever an importer or exporter declares, assesses and makes payment on an entry into the ASYCUDA System, the LRA has responsibility to ensure that the information, including the declaration, assessment and payment are accurate, complete and reliable.*
- 1.1.4.11 *When such entries are reassessed by Customs Officers, there could be additional assessments and if there is an upward adjustment to the declaration, the previous declaration, assessment and payment are amended for the importer or exporter to pay the difference between what has been paid and what they should actually pay. These are daily occurrences into the system. We will give the Auditors "View only access with possibility of printing" to access and verify from the system.*

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

- 1.1.4.12 We take note of your assertion that these transactions occurred in ASYCUDA. However, Management has failed to address the issue raised by the GAC. We mentioned that these transactions seemed to be reversals and not additional tax imposed. It appears that taxes were reduced. If these transactions are additional assessments by Custom Officers, we will expect payments by taxpayers to the accounts of the Government of Liberia and not reductions in taxes. To further complicate these transactions, the reduction in taxes are accompanied by check numbers from local bank implying that payments are being made by the taxpayers while there seemed to be tax credits issued to these tax payers. Management explanation does not address the finding. Therefore, we maintain our recommendation.

### **1.1.5 Reversals on GoL Consolidated Revenue Bank Statements**

#### **Observation**

- 1.1.5.1 PFM Regulation Section A.3 (Paragraph 1-3) 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 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 the Minister".
- 1.1.5.2 During the audit, we observed that several reversals totaling **(US\$1,090,385.48)** and **(L\$6,966,447.17)** were made respectively on the Consolidated Revenue Bank Statements held at the Central Bank of Liberia (CBL).
- 1.1.5.3 We further observed that the Managements of LRA, CBL and MFDP could not provide underlying documents to support the reversals. **See annexure 3A-3B for details**

#### **Risk**

- 1.1.5.4 The reversals could cast doubts on the validity and completeness of revenue reported in the GoL Consolidated fund financial statements for FY 2014/2015.

#### **Recommendation**

- 1.1.5.5 The Comptroller and Accountant General and the Management of LRA and the Management of CBL should provide substantive justification backed by documentary evidence for the reversals noted.

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

- 1.1.5.6 *The LRA neither authorizes nor executes reversals on the General Consolidated Revenue Bank Account with the Central Bank of Liberia as the Account is exclusively managed by MFDP. When the Auditors identified the reversals during the audit, we went at the Central Bank, together with the Auditors and CBL authorities provided proof of every*

reversal that was made during the audit period. If the Auditors are not satisfied with the justification provided by CBL, we kindly ask that they liaise with the Comptroller and Accountant General for clarity and justification of these reversals. All reversals on the Consolidated Accounts are based on instructions from Comptroller and Accountant General Office.

### Auditor General's Position

1.1.5.7 Authorities at the CBL did not provide any evidence on the authorization and purposes for the reversals as claimed by Management. Also, the assertion made by the MFDG Management is not backed by any documentary evidence. Therefore, we maintain our recommendation.

### 1.1.6 Undisclosed Bank balances

#### Observation

1.1.6.1 PFM Regulation A.3 (Paragraph 1-3) 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 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 the Minister".

1.1.6.2 During the audit, we observed that the cash balances in four (4) bank accounts totaling **L\$3,695,381,816.74** were not disclosed in the GoL Consolidated fund Financial Statements as at 30 June 2015. See detailed in the table below:

**Table #2: Undisclosed Bank balances**

No	Account Title	Account #	Balance as at 30 June, 2016 L\$
1.	Liberia Macroeconomic policy Analy. Account	0120630001007	1,871,890.93
2.	FY2014/2015 Obligation Escrow Account	0120530000226	17,352,911.81
3.	Treasury (T-Bills) account	0120530000119	1,959,059,288.00
4.	Treasury (T-Bond) account	0120530000120	1,717,097,726.00
<b>Total</b>			<b>L\$3,695,381,816.74</b>

#### Risk

1.1.6.3 The failure by the Comptroller and Accountant General to disclose the bank balances may deny users information on the actual cash position of government.

1.1.6.4 The cash balance in the GoL Consolidated Fund financial statements for FY 2014/2015 could be understated by the undisclosed amount of L\$3,695,381,816.74.

### **Recommendation**

- 1.1.6.5 The CAG should give justification for not disclosing in the financial statements the cash balances in the five bank accounts.
- 1.1.6.6 Going forward, the CAG should disclose all cash balances held by the Government of Liberia including restricted cash.
- 1.1.6.7 Further, explanations to inform users of the financial statements should be disclosed as required by IPSAS in the notes to the financial statements.

### **Management's Response**

- 1.1.6.8 *Management agrees that this is a challenging area, as rightly stated, some of these monies are restricted and earmarked funds. Some of the bank balances for example are for revolving accounts such as the T-Bill and T-Bond. However, management has been and is still working with various Ministries and Agencies in ensuring that the provisions of PFM Regulation Section A.3(Paragraph 1-3) is fully adhere to.*

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

- 1.1.6.9 We acknowledge Management's acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

## **1.1.7 Payments into Designated Bank Account**

### **Observation**

- 1.1.7.1 PFM Regulation B.6 states that "(1) all public moneys shall be paid by the payer into the Consolidated Fund in accordance with regulation B.53. The Bank Payment Slip shall be submitted for treasury counterfoil receipt. Where monies are paid in accounts other than the main treasury account where the Central Bank of Liberia is not operational, those accounts should only be for transitory purposes and all balances should be promptly deposited into the Consolidated Fund at the Central Bank (2) Where payments cannot be made in accordance with sub-regulation B6(1), any public officer or revenue collector who collects or receives public moneys shall issue official receipts for them and pay them into the designated bank account within twenty four hours of receipt or within the time approved by the Minister in circumstances where it is not possible or cost beneficial to pay into the bank account within twenty four hours".
- 1.1.7.2 Also, PFM Regulation B 2 (IV) requires that pursuant to section 4 of the Public Finance Management Act 2009, receipts into the Consolidated Fund or other public funds shall be classified as Domestic and external grants, other revenues received under an enactment; other receipts including the product of borrowing, repayment of government loans and advances, sale of government securities, sale of equity investments, sale of other government assets, proceeds received by the State from licensing or selling any rights controlled by the State, including radio spectrum rights, natural resource exploration or

exploitation rights, and intellectual property rights.

1.1.7.3 During the audit, we observed that money from the sales of public asset totaling **US\$347,275.19** was deposited into the GSA Fleet Management Account #02/206/300117/00 at the CBL instead of the GoL Consolidated Fund Account.

1.1.7.4 In addition, we further observed that the US\$347,275.19 deposited in the GSA Fleet Management Account was not reflected in the consolidated account as at 30 June, 2015.

#### **Risk**

1.1.7.5 The Consolidated Fund Account balance could be understated when unobligated cash held in Government Ministries and Agencies' accounts are excluded from the Consolidated Fund Account at the end of the fiscal period for appropriation and consolidation.

#### **Recommendation**

1.1.7.6 The CAG should give justification for not including in the GoL Consolidated account the cash balance of US\$347,275.19 held in the GSA Fleet Management Dedicated Account.

1.1.7.7 Going forward, the CAG should ensure that proceeds from the sales of public assets should be deposited into the GoL Consolidated Fund Account. In addition, the CAG should close the GSA Fleet Management Account and ensure that the cash balance in said account is reflected in the Consolidated Fund Account for re-appropriation.

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

1.1.7.8 *The Fleet management Account was set up to recover some of the cost for vehicles in use by government officials. This Account is not part of the consolidated accounts but savings in this account is intended to be used by government for the purchase of government fleet. However, measures on disclosure to this account shall be taken. Management has taken note of this observation and corrective action has been taken in the Consolidated Financial Statements of FY 2016/2017.*

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

1.1.7.9 Management has failed to address the issue raised by the GAC. Cash held in the Fleet Management Account is a public money as prescribed by Section B.6 of the PFM Regulations of 2009. Therefore, we maintain our recommendation.

### **1.1.8 Foreign Travel – Means of Travel**

#### **Observation**

1.1.8.1 The approved GOL Foreign Travel Ordinance Number 27 requires that "upon return from abroad, officials are required to submit to the Ministry of Finance a Foreign Travel Settlement Form as per Annexure II within 21 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the



second tour is performed immediately after return from the first tour, the second advance may be granted with the specific written approval of the Minister concerned, explaining the reasons thereof”.

1.1.8.2 Also, the Foreign Travel Ordinance Number 28 requires that “no future travel advances shall be paid to anyone who has failed to submit the prescribed Travel Disbursement Forms, for any previous journey within 21 days. The entire travel advance will be recovered from those who fail to submit the Travel Settlement Form on return from their visit abroad, and those who subsequently leave the service of Government, from any arrears due to them by the Government”.

1.1.8.3 During the audit, it was observed that foreign travel advances totaling US\$248,314.00 was paid to the Judiciary Branch for trips abroad which were not retired.

1.1.8.4 Furthermore, despite several attempts to obtain the names of members of the Judiciary branch who received the advances, the Comptroller for the Judiciary declined to release the names to the GAC. **See Annexure 4 for details:**

#### **Risk**

1.1.8.5 The failure by the Ministries & Agencies to provide Foreign Travel Settlement Form to support Foreign Travel could lead to questionable transactions.

#### **Recommendation**

1.1.8.6 The CAG should ensure that Ministries & Agencies provide Foreign Travel Settlement Forms and all other documents, such as copies of tickets stubs, boarding passes, copies of Pass Ports and Airline tickets. This would ensure compliance with the Foreign Travel Ordinance Number 27 approved by the Government of Liberia.

1.1.8.7 In addition, the officials who undertook the trips in the above transactions should be requested to retire their respective trips abroad through the Foreign Travel Settlement Form and the Office of the Auditor General copied with-in 30 days after signing this report. Failing, said officials should not be given future travel advances for foreign trips until the full amount disbursed to each in **Annexure 4** is recovered as required by the Foreign Travel Ordinance Number 28.

#### **Management’s Response**

1.1.8.8 *Management acknowledges the Auditor’s recommendation and corrective action is ongoing to address this observation, and line ministries and agencies failing to adhere will be penalized.*

#### **Auditor General’s position**

1.1.8.9 We acknowledge Management’s acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.



## 1.1.9 General Allowance Validation Certificate

### Observation

- 1.1.9.1 According to standard internal control practice at the Ministry of Finance, in the compilation of documents supporting the payments for general allowance, ministries and agencies should attach a list of every staff entitled to general allowance by category e.g. Minister, Deputy Ministers, Assistant Ministers, Directors, Deputy Directors, etc. In addition, the entities must attach to the payment vouchers allowance validation certificate signed by the DMA, allowance transactions by month (adjustments, additions, deletions and deductions) signed by the comptroller and Deputy for Administration, statement of responsibility, Free Balance Financial Management System and chart of account code. Furthermore, the general allowance documentation should be standard across all ministries and agencies.
- 1.1.9.2 During the audit, we observed that there was no evidence of signed validation certificates for the total amount of **US\$175,690.88** paid for allowances for staffs of the Ministries of Internal Affairs, Justice, the Liberia Institute of Statistics Geo-Information Service, Monrovia Consolidated School System and the Public Procurement and Concessions Commission. **See Annexure 5 for details of the transaction.**

### Risk

- 1.1.9.3 The processing of general allowance payments without validation certificates could undermine the authenticity of the transactions.

### Recommendation

- 1.1.9.4 The Comptroller and Accountant General should develop an accounting procedure manual to provide guidance to accounting staff in the preparation of supporting documents to general allowance payments.

### Management's Response

- 1.1.9.5 *Management has put in place compliance measures at the Accounting Services Unit (ASU) so as to ensure the safeguard of public resources. These checklists must be met before payment processes are preceded. All supporting documents must be attached before payment vouchers are processed. Management wants to point out also that due to the voluminous nature of some of these supporting documentations, they are separately box filed from the payment vouchers. This in no way render the payments unsupported, management maintains that all processed payment vouchers are duly supported and readily available for the auditor's review.*

### Auditor General's Position

- 1.1.9.6 During the conduct of the audit, GAC made several requests for supporting documentation in relation to the payment of general allowance in the mentioned observation but Management failed to provide the requested document. The observation raised by the GAC was based on the available evidence at the time of the audit.

Therefore, we maintain our recommendation.

### 1.1.10 Payroll

#### Observation

- 1.1.10.1 Section 9.1 of the Civil Service Standing Order provides for a Human Resources Program with the means to recruit, select, develop and maintain an effective and responsible work force. Also, included are policies and procedures for employee hiring and advancement, training and development, position classification, salary administration, pension and employees' benefits, discipline, termination and other related activities.
- 1.1.10.2 Furthermore, the PFM Regulation T.5 (1) & T. 8 require that "a head of Government Agency shall cause the immediate stoppage of payment of salary to a public servant when that public servant has resigned, retired or died. Unless the 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;
  - (e) Resignation and Retirement, the effective date for stoppage shall be the earlier of:
    - Date of Absence or
    - Date specified on a relevant document".
- 1.1.10.3 During the audit, we observed that the names of some public sector employees with the total cumulative salary of **L\$214,942.00** who were either dead, dismissed, or resigned from the Office of the Vice President and the Ministry of Lands, Mines and Energy respectively were maintained on the Civil Service Payroll (EDP Payroll) beyond the statutory time. **See Annexures 6A-6B for details:**

#### Risk

- 1.1.10.4 The failure to timely remove separated employees' names from the payroll may lead to the loss of public fund.

#### Recommendation

- 1.1.10.5 The Personnel Directors for the Office of the Vice President as well as the Ministry of Lands, Mines and Energy should give substantive justification respectively for maintaining the names of former employees on the Government payroll for period longer than allowed under the law.
- 1.1.10.6 The names of the former employees listed in Annexure 6A-6B should be delated immediately.
- 1.1.10.7 Furthermore, Ministries and Agencies should develop a customized human resource policy and procedures manual that would include programs for employees' hiring, documentation, staff classification and salary administration. This would increase

efficiency and avoid the maintenance of ghost names on the Government payroll.

### **Management's Response**

- 1.1.10.8 *Management has presented this observation to the Personnel Directors for the Office of the Vice President as well as the Ministry of Lands, Mines and Energy. **SEE EXHIBIT 3***

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

- 1.1.10.9 We acknowledged **Exhibit #3**. However, this Exhibit does not address the issue raised by the GAC. Therefore, the personnel Directors for the Office of the Vice President and the Ministry of Lands, Mines and Energy should respectively be held accountable as per A.20 of the PFM Regulations for the loss of Government resources.

## **1.2 Revenue Generation**

### **1.2.1 Taxes on Income and Profits**

#### **Observation**

- 1.2.1.1 Section 805 of the Revenue Code of Liberia Act of 2000 as amended in 2011 states that "income is from a source in Liberia if it is derived in respect of the performance of services or employment exercised in Liberia whether or not the gains or profits from the services or employment are received in Liberia".

- 1.2.1.2 During the audit, we observed that there was no supporting document such as Billing Form, Bank Payment Slip (BPS), and copies of receipt to support the validation and completeness of Taxes on Income and Profits of **US\$146,789,000** recorded in the GoL Consolidated financial statements for FY 2014/2015.

#### **Risk**

- 1.2.1.3 The completeness of Taxes on Income and Profits would not be assured in the absence of revenue collection document.

#### **Recommendation**

- 1.2.1.4 Management of the Liberia Revenue Authority should ensure that revenue collection documents are properly filed to enable easier retrieval whenever the documents are needed for audit and other administrative purposes.

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

- 1.2.1.5 *We note the Auditors' observation. The LRA had some document and record management challenge during the 2014-2015 fiscal year. We received request to provide bank payment slips, receipts and returns for selected transactions for the audit period. We provided the Auditors with printout copies of selected transactions from the revenue information systems. However, the Auditors wanted to see original hard copies of these documents.*

- 1.2.1.6 *The documents requested are among hundreds of thousands of documents and records that the LRA maintains in huge bundles kept in a warehouse at the Ministry of Finance and Development Planning; the LRA did not bring these documents and records during its migration from the MFDP building to its headquarter at ELWA Junction in Paynesville due to space constrains and condition of these documents and records.*
- 1.2.1.7 *We believe that information and records maintained in the automated revenue management systems are as accurate, complete, reliable and valid as those of the hard copies of revenue related documents and records, including those requested by the Auditors.*
- 1.2.1.8 *The LRA now has document and record management office that scans and maintains electronic and hard copies of all revenue transaction related documents and records. We also did costing for an external agency to come in and do for us a complete document and record management system as well as completed proper filing for the backlogs of all documents and records kept in the warehouse.*
- 1.2.1.9 *The funding issue has been a major challenge to this project. We have requested the IPFMRP to underwrite the project and hope that we would have this situation resolve soon. At the same time, all current revenue related transactions are scanned and archived into portable document file in addition to information maintained in the automated revenue information systems.*

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

- 1.2.1.10 The assertion made by LRA Management did not address the issue raised by the GAC. The completeness and accuracy of Taxes on Income and Profits cannot be assured in the absence of the availability of the requested document. Therefore, we maintain our recommendation.

### **1.2.2 Property Taxes**

#### **Observation**

- 1.2.2.1 Section 2000(a) of the Revenue Code of Liberia Act of 2000 as amended in 2011 requires that "there shall be levied annually a tax on real property in accordance with the conditions hereinafter prescribed".
- 1.2.2.2 During the audit, we observed that there was no supporting document such as Billing Form, Bank Payment Slip (BPS), and copies of receipt to support the validation and completeness of Property Taxes of **US\$4,357,000.00** recorded in the GoL Consolidated financial statements for FY 2014/2015.

#### **Risk**

- 1.2.2.3 The completeness of Property Taxes would not be assured in the absence of revenue collection document.

### **Recommendation**

- 1.2.2.4 Management of the Liberia Revenue Authority should ensure that revenue collection documents are properly filed to enable easier retrieval whenever the documents are needed for audit and other administrative purposes.

### **Management's Response**

- 1.2.2.5 *We note the Auditors' observation. The LRA had some document and record management challenge during the 2014-2015 fiscal year. We received requested to provide bank payment slips, receipts and returns for selected transactions for the audit period. We provided the Auditors with printout copies of selected transactions from the revenue information systems. However, the Auditors wanted to see original hard copies of these documents.*
- 1.2.2.6 *The documents requested are among hundreds of thousands of documents and records that the LRA maintains in huge bundles kept in a warehouse at the Ministry of Finance and Development Planning; the LRA did not bring these document and records during its migration from the MFDP building to its headquarter at ELWA Junction in Paynesville due to space constrains and condition of these documents and records.*
- 1.2.2.7 *We believe that information and records maintained in the automated revenue management systems are as accurate, complete, reliable and valid as those of the hard copies of revenue related documents and records, including those requested by the Auditor.*
- 1.2.2.8 *The LRA now has document and record management office that scans and maintains electronic and hard copies of all revenue transaction related documents and records. We also did costing for an external agency to come in and do for us a complete document and record management system as well as completed proper filing for the backlogs of all documents and records kept in the warehouse.*
- 1.2.2.9 *The funding issue has been a major challenge to this project. We have requested the IPFMRP to underwrite the project and hope that we would have this situation resolve soon. At the same time, all current revenue related transactions are scanned and archived into portable document file in addition to information maintained in the automated revenue information systems.*

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

- 1.2.2.10 The assertion made by LRA Management did not address the issue raised by the GAC. The completeness and accuracy of Property Taxes cannot be assured in the absence of the availability of the requested document. Therefore, we maintain our recommendation.

### 1.2.3 Taxes on Goods and Services

#### Observation

- 1.2.3.1 Section 1000(b) of the Revenue code of 2000 as amended in 2011 requires that:  
(1) "The rate of goods tax payable on a taxable supply of goods is the percentage specified in paragraph (3) of the taxable amount of supply.
- 1.2.3.2 (2) The rate of goods tax payable on a taxable supply of goods imported or exported is the percentage specified in paragraph (3) of the taxable amount of the import or export".
- 1.2.3.3 Furthermore, section 2021(b) of the revenue code of Liberia (2000) as amended in 2011 requires that the rate of services tax is 7 percent of the taxable amount described in section 2025.
- 1.2.3.4 During the audit, we observed that there was no supporting document such as Billing Form, Bank Payment Slip (BPS), and copies of receipt to support the validation and completeness of Taxes on Goods and Services of **US\$50,116,000.00** recorded in the GoL Consolidated financial statements for FY 2014/2015.

#### Risk

- 1.2.3.5 The completeness of Taxes on Goods and Services would not be assured in the absence of revenue collection document.

#### Recommendation

- 1.2.3.6 Management of the Liberia Revenue Authority should ensure that revenue collection documents are properly filed to enable easier retrieval whenever the documents are needed for audit and other administrative purposes.

#### Management's Response

- 1.2.3.7 *We note the Auditors' observation. The LRA had some document and record management challenge during the 2014-2015 fiscal year. We received requested to provide bank payment slips, receipts and returns for selected transactions for the audit period. We provided the Auditors with printout copies of selected transactions from the revenue information systems. However, the Auditors wanted to see original hard copies of these documents.*
- 1.2.3.8 *The documents requested are among hundreds of thousands of documents and records that the LRA maintains in huge bundles kept in a warehouse at the Ministry of Finance and Development Planning; the LRA did not bring these document and records during its migration from the MFDP building to its headquarter at ELWA Junction in Paynesville due to space constrains and condition of these documents and records.*

- 1.2.3.9 *We believe that information and records maintained in the automated revenue management systems are as accurate, complete, reliable and valid as those of the hard copies of revenue related documents and records, including those requested by the Auditor.*
- 1.2.3.10 *The LRA now has document and record management office that scans and maintains electronic and hard copies of all revenue transaction related documents and records. We also did costing for an external agency to come in and do for us a complete document and record management system as well as completed proper filing for the backlogs of all documents and records kept in the warehouse.*
- 1.2.3.11 *The funding issue has been a major challenge to this project. We have requested the IPFMRP to underwrite the project and hope that we would have this situation resolve soon. At the same time, all current revenue related transactions are scanned and archived into portable document file in addition to information maintained in the automated revenue information systems.*

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

- 1.2.3.12 The assertion made by LRA Management did not address the issue raised by the GAC. The completeness and accuracy of Taxes on Goods and Services cannot be assured in the absence of the availability of the requested document. Therefore, we maintain our recommendation.

### **1.2.4 Taxes on International Trade**

#### **Observation**

- 1.2.4.1 Section 1702 (a) of the Revenue code of Liberia Act 2000 as amended in 2011 requires that customs import duties be levied on and paid by the importer in respect of goods listed in this chapter Schedule 1, External Tariff schedule at the rate specified therein.
- 1.2.4.2 During the audit, we observed that there was no supporting document such as Billing Form, Bank Payment Slip (BPS), and copies of receipt to support the validation and completeness of Taxes on International Trade of **US\$167,753,000.00** recorded in the GoL Consolidated financial statements for FY 2014/2015.

#### **Risk**

- 1.2.4.3 The completeness of Taxes on International Trade would not be assured in the absence of revenue collection document.

#### **Recommendation**

- 1.2.4.4 Management of the Liberia Revenue Authority should ensure that revenue collection documents are properly filed to enable easier retriever whenever the documents are needed for audit and other administrative purposes.



### **Management's Response**

- 1.2.4.5 *We wish to state that our customs assessment, examination, payment and compliance review activities are automated and electronically available at various user rights depending on roles and responsibilities for internal control reasons. We operate a self-declaration regime wherein reliance is placed on importers and exporters to self-declare, assess and pay customs duties and fees based on their import and exports values. Customs officers conduct compliance checks to validate the accuracy, completeness and reliability of all transactions self-declared, assessed and paid by importers and exporters of cargoes. There is a complete audit trail of transactions in the Customs ASYCUDA system, including declaration, assessment, examination, payment, electronic receipting and compliance review conducted by customs officers.*
- 1.2.4.6 *For audit purposes, "view only with the possibility of printing" is the appropriate right which can be granted to Auditors. If the Auditors want to validate the completeness of any transaction, we can provide the appropriate right in this regard. At no time did we receive any request from the Auditors for access to the ASYCUDA system during the period of the audit.*

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

- 1.1.1.2 While we take note that Management's reliance on importers and exporters cannot be questioned, the auditors need to re-perform the procedures performed by the reviewers in order to validate the accuracy of the taxes paid. Importers and exporters use source documents to declare and pay taxes. We need those source documents to help us independently determine the accuracy and completeness of the taxes paid. Therefore, we maintain our recommendation.

### **1.2.5 Other Taxes**

#### **Observation**

- 1.1.1.3 A.3 (1) of the PFM Regulations of 2009 requires 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.
- 1.2.5.1 During the audit, we observed that there was no supporting document such as Billing Form, Bank Payment Slip (BPS), and copies of receipt to support the validation and completeness of Other Taxes of **US\$12,752,000.00** recorded in the GoL Consolidated financial statements for FY 2014/2015.

### **Risk**



- 1.2.5.2 The completeness of Taxes on Other Taxes would not be assured in the absence of revenue collection document.

**Recommendation**

- 1.2.5.3 Management of the Liberia Revenue Authority should ensure that revenue collection documents are properly filed to enable easier retrieval whenever the documents are needed for audit and other administrative purposes.

**Management's Response**

- 1.2.5.4 *We note the Auditors' observation. The LRA had some document and record management challenge during the 2014-2015 fiscal year. We received requested to provide bank payment slips, receipts and returns for selected transactions for the audit period. We provided the Auditors with printout copies of selected transactions from the revenue information systems. However, the Auditors wanted to see original hard copies of these documents.*
- 1.2.5.5 *The documents requested are among hundreds of thousands of documents and records that the LRA maintains in huge bundles kept in a warehouse at the Ministry of Finance and Development Planning; the LRA did not bring these document and records during its migration from the MFDP building to its headquarter at ELWA Junction in Paynesville due to space constrains and condition of these documents and records.*
- 1.2.5.6 *We believe that information and records maintained in the automated revenue management systems are as accurate, complete, reliable and valid as those of the hard copies of revenue related documents and records, including those requested by the Auditor.*
- 1.2.5.7 *The LRA now has document and record management office that scans and maintains electronic and hard copies of all revenue transaction related documents and records. We also did costing for an external agency to come in and do for us a complete document and record management system as well as completed proper filing for the backlogs of all documents and records kept in the warehouse.*
- 1.2.5.8 *The funding issue has been a major challenge to this project. We have requested the IPFMRP to underwrite the project and hope that we would have this situation resolve soon. At the same time, all current revenue related transactions are scanned and archived into portable document file in addition to information maintained in the automated revenue information systems.*

**Auditor General's Position**

- 1.2.5.9 The assertion made by LRA Management did not address the issue raised by the GAC. The completeness and accuracy of Other Taxes cannot be assured in the absence of the availability of the requested document. Therefore, we maintain our recommendation.

### 1.3 Administrative Issues

#### 1.3.1 Public Expenditure Tracking Unit

##### Observation

- 1.3.1.1 PFM Regulation K.7 requires that “the Minister establishes a Public Expenditure Tracking Unit or designated officials in the Ministry to undertake a public expenditure tracking survey and all persons affected shall cooperate in providing accurate accounts and information to the survey team on the budgeted and actual transfer of resources to service delivery units.
- 1.3.1.2 (2) On completion of the survey, the Public Expenditure Tracking Survey Unit shall, after consultation with the Internal Audit Governance Board Secretariat, Comptroller-General and Public Financial Management Reform Unit, make recommendations to the Minister on how to improve accountability, transparency and efficiency of transfer of resources”.
- 1.3.1.3 During the audit, we could not find evidence that the Minister of Finance and Development Planning had established a Public Expenditure Tracking Unit or appointed officials in the Ministry to undertake public expenditure tracking survey as required by PFM Regulations K.7.

##### Risk

- 1.3.1.4 The Management of MFDP may not be provided with timely and accurate information on public sector expenditure in the absence of a functioning Public Expenditure Tracking Unit.

##### Recommendation

- 1.3.1.5 The Minister of Finance and Development Planning should establish a Public Expenditure Tracking to carry out public expenditure tracking survey so as to improve accountability, transparency and efficiency in the disbursement of public resources. This would help the Minister to be in compliance with PFM Regulation K.7.

##### Management’s Response

- 1.3.1.6 *This unit has been established by the Minister (Hon. Konneh) as per K.7 of the PFM regulation. This unit was originally established in the Department of Budget & Development Planning, then Department of Budget under the stewardship of Minister Sabastine Muah. The first PETS was done in 2012 in the Education and Health sectors and has been published. During the Reform the this unit was taken from the Department of Budget & Development Planning, and placed under the Department of Fiscal Affairs for the purpose of the reform, opting for a more robust, accountability, transparency and advantage to understand resource flow to service delivery users, since the Budget department primary function is the issuance of allotment. To date, due to resource constrain the Fiscal Affairs department is in the process of having another survey in the Security, Rule of Law and Agriculture sectors. Preliminary documents including Concept*

*Note, Desk Review on concerned sectors, costing and time schedule has been done. Funding is currently being solicited for the process.*

### **Auditor General's position**

- 1.3.1.7 The assertion made by the MFDP Management is not backed by any documentary evidence. Therefore, Management is in breach of financial discipline in line with A.20 of the PFM Regulations of 2009.

## **1.3.2 Quarterly Consolidated Fund Account**

### **Observation**

- 1.3.2.1 The PFM regulation I.10 states that "there shall be prepared by the Comptroller-General and transmitted to the Auditor-General and the Minister the accounts of the Consolidated Fund within a period of 30 days after the end of each quarter commencing from the beginning of the Fiscal year (FY). The accounts shall be published in the Gazette and shall comprise statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia".
- 1.3.2.2 During the audit, we found no evidence that the Comptroller & Accountant General prepared and transmitted on a timely basis to the Auditor-General and the Minister, the accounts of the Consolidated Fund within a period of 30 days after the end of each quarter.

### **Risk**

- 1.3.2.3 The failure to submit quarterly account of the consolidated fund on timely basis may deny users information needed for financial and economic decision making.

### **Recommendation**

- 1.3.2.4 The Comptroller & Accountant General should timely prepare and submit the quarterly account of the Consolidated fund to the Auditor-General within a period of 30 days after the end of each quarter commencing from the beginning of the Fiscal year (FY) in compliance with PFM regulation I.10.

### **Management's Response**

- 1.3.2.5 *Management has taken note of this observation and corrective action has been taken in the Consolidated Financial Statement of FY 2015/2016*

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

- 1.3.2.6 We acknowledge Management's acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

### 1.3.3 Register of Irregularities

#### Observation

- 1.3.3.1 PFM Regulation K.9 require that “the Comptroller and Accountant General shall maintain a register of irregularities cited in report of the Auditor-General to the ways, means, and finance committee and monitor heads of agencies responses to irregularities raised in audit reports and management letters and address matters requiring changes in government-wide systems”.
- 1.3.3.2 During the audit, we noted that there was no evidence that the CAG had maintained a register of irregularities cited in the GOL- Consolidated Account financial statement audits’ and other reports of the Auditor-General.

#### Risk

- 1.3.3.3 It would also be difficult to track and implement the Auditor General’s recommendation in the absence of a Register of irregularities.

#### Recommendation

- 1.3.3.4 The Comptroller and Account General should show justification for not maintaining a register of irregularities cited in GAC Audit reports.
- 1.3.3.5 Going forward, the Comptroller and Account General should prepare and maintain a Register of irregularities noted in the Auditor General’s Reports on the GoL Consolidated fund as well as other GAC audit reports.

#### Management’s Response

- 1.3.3.6 *Management acknowledges the Auditor’s recommendation and corrective action is ongoing to address this observation.*

#### Auditor General’s position

- 1.3.3.7 We acknowledge Management’s acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

### 1.3.4 Information on the Public Debt

#### Observation

- 1.3.4.1 PFM Regulation F.8 requires the Ministry of Finance to maintain an official register of the government and government guaranteed debt and the official information on the consolidated government and government guaranteed debt shall be published on a quarterly basis by the Ministry in the newspapers and Internet.
- 1.3.4.2 During the audit, we found no evidence that the Management of the Ministry of Finance and Development Planning published government guaranteed debts in **newspapers** on

a quarterly basis.

### **Risk**

- 1.3.4.3 The Management's failure to periodically publish the Government of Liberia's public debts in newspapers could deny users information on the total debts the Government owes and the mechanism the state has put in place for settlement of said debts.

### **Recommendation**

- 1.3.4.4 Management should ensure that all government and government guaranteed debts are on a quarterly basis published in newspapers so as to give users timely information for decision making and on the mechanism in place for settlement of public debts.
- 1.3.4.5 Furthermore, the publication will enable partners to obtain timely information on the Government's public debts thereby providing assistance for an efficient public debt management regime.

### **Management's Response**

- 1.3.4.6 *Management acknowledges the Auditor's recommendation and corrective action is ongoing to address this observation.*

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

- 1.3.4.7 We acknowledge Management's acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

## **1.4 Internal Control Issues**

### **1.4.1 Strategic and Operational Plan**

#### **Observation**

- 1.4.1.1 The Committee on Sponsoring Organizations of the Treadway Commission's (COSO) integrated framework for internal control is an effective internal control system which consists of five elements including, the control environment, risk assessment, information and communication, control activities and monitoring.
- 1.4.1.2 Government management can use the COSO guidelines as a basis for the implementation and execution of internal control in its organizations. The guidelines for internal control standards comprising the COSO model can therefore be used by management as an example of a solid internal control framework for their organization.
- 1.4.1.3 During the audit, we found no evidence of approved strategic and operational plans for the following Ministries and Agencies: Ministry of State for Presidential Affairs (MoS), Ministry of Post and Telecommunications (MOPT), Ministry of Financial and Development Planning (MFDP), Liberia Institute for Public Administration (LIPA), National Investment

Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

### **Risk**

- 1.4.1.4 The failure to operate with approved strategic and operational plans may lead to the M&A's misdirecting efforts and resources.

### **Recommendation**

- 1.4.1.5 The managements of M&A's should developed strategic and operational plans to help management in the efficient allocation resources and set priorities for the achievement of objectives.

### **Management's Response**

- 1.4.1.6 *The Ministry of Posts and Telecommunications has started to develop its postal services that will stimulate regional economic growth, encourage trade/economic activities that will integrate communities to benefit from the postal services. This will generate revenue and build wealth which is necessary in raising the living standard of the Liberian People.*
- 1.4.1.7 *Best practices as per UPU (Universal Postal Union) standard requires that a population of ten thousand or more must have a post office and a population less than thousand must have a postal window.*
- 1.4.1.8 *Out of the 78 postal offices that were earmarked based on UPU standards for construction, the construction of 5 posts offices and rehabilitation of 21 postal facilities have been completed and 90% functional in 12 counties.*
- 1.4.1.9 *Critical ways to enhance GoL's effectiveness and efficiency as it strives to achieve the AFT; and generally reflect best practices for government, it conforms to practices that up-lift its people. Attached is a Priority Result Matrix which includes the following:*
- 1.4.1.10 *Goal: To progress toward the provision of universal services as defined by the Universal Postal Union and International Telecommunications Union.  
Strategic objective 1: To build Postal and Telecommunications infrastructures  
Strategic objective 2: To develop Postal and ICT/ Telecommunications Policies  
Strategic objective 3: To develop human resources capacity The NAC has a developed Strategic plan (NSP 2015-2020) which guides its operations.*
- 1.4.1.11 *The Commission has also developed a two operational plan which being validated by the relevant stakeholders in the national response. The NAC has an organizational structure which can be seen in all of its policy documents. It will however, be depicted on a chart and displayed on the bulletin.*

- 1.4.1.12 *The NAC also has a table of authority which specifies different levels of authority and responsibility. **SEE EXHIBIT 5***

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

- 1.4.1.13 The assertions made by the MFDP Management are not backed by any documentary evidence. Therefore, we maintain our recommendation.

### **1.4.2 Organizational Structure**

#### **Observation**

- 1.4.2.1 According to the requirements of the Committee of Sponsoring Organization (COSO) Framework, an entity should have a documented approved organizational structure that provides:

- Assignment of authority and responsibility
- Empowerment and accountability
- Appropriate lines of reporting

- 1.4.2.2 During the audit, we could not find evidence of documented approved organizational structures for the following entities: Ministry of State for Presidential Affairs (MoS), Ministry of Post and Telecommunications (MoPT), Ministry of Financial and Development Planning (MFDP), Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

#### **Risk**

- 1.4.2.3 Lack of approved organizational structure will lead to overlapping of functions and duties and the entities may not operate efficiently.

#### **Recommendation**

- 1.4.2.4 The Ministries and Agencies should develop an organizational structure that will clearly set appropriate authority and responsibility at various levels.

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

- 1.4.2.5 *The Ministry (MPT) is headed by the Minister with three Major Departments with distinct functions:*

- 1.4.2.6 *Postal Services-Responsible to regulate and operate postal activities and formulate postal policies. It further provides mail delivery service to Liberians and foreign inhabitants. Services provided are:*  
*Letters posts, parcel posts, small packets*  
*Register & expressed mail services,*  
*Selling of stamps and institutional and home delivery services,*  
*Post shop.*



- 1.4.2.7 *These services are provided nationally and internationally at a reasonable cost.*
- 1.4.2.8 *National Communication and Policy-this department is the policy arm of the Ministry responsible to formulate Information Communication & Technology (ITC) and Telecommunication Policy nationwide. Among other duties, the Department is required to set government's agenda on how communication services shall be available, affordable and reliable nationwide.*
- 1.4.2.9 *Administration and management-This Department is responsible for running the day to day functions of the Ministry, handling financial, personnel, procurement, logistics and other key functions.*
- 1.4.2.10 *During the GAC audit, NIC submitted to GAC auditors the draft organizational structure, Staff Teams of Reference and Personal Manual. Please see attached list of documents submitted to GAC by NIC and signed for by GAC auditors. Currently, the approved organizational structures, staff terms of reference and personnel manual are available for review. NIC's mission statement and Core values were not requested by GAC during the audit, but are also available at the Commission. **SEE EXHIBIT 5***

#### **Auditor General's position**

- 1.4.2.11 We take note of the NIC's assertion. However, the claims made by the Ministry of Posts and Telecommunications are not backed by any documentary evidence. Therefore, we maintain our recommendation.

### **1.4.3 Staff Performance Evaluation**

#### **Observation**

- 1.4.3.1 COSO framework on Monitoring Activities requires that the organization should select, develop and perform ongoing evaluations to ascertain whether the components of internal controls are present and functioning.
- 1.4.3.2 During the audit, we did not find any evidence that the managements of the Ministry of State for Presidential Affairs (MoS), Ministry of Post and Telecommunications (MoPT), Ministry of Financial and Development Planning (MFDP), Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC), were appraising the performance of their staffs on a regular basis. We could not therefore ascertain the basis for the placement of various staff, grading, promotion and compensation within the ministries and agencies.

#### **Risk**

- 1.4.3.3 In the absence of performance appraisal, ministries are not able to distinguish between identify good performance and under performance, which could lead to low staff motivation.



### **Recommendation**

- 1.4.3.4 Managements of ministries and agencies should conduct and document the performance evaluations of staffs in their entities so as to enable managements identify staffs performance deficiencies in order to take corrective measures.

### **Management's Response**

- 1.4.3.5 *There was no staff performance Evaluation during the period under review directly under the Ministry of Posts and Telecommunication. Staff performance was done by Civil Service Agency (CSA).*
- 1.4.3.6 *The NAC does semi-annual performance appraisal of all of its staff. These performance evaluation reports will be properly documented for future reference.*
- 1.4.3.7 *Following the just ended internal reform at the NIC intended to address institutional challenges, phase one of staff appraisals has been completed. Appraisal documents are now available for review. Copy of the standard CSA appraisal form used to appraise NIC staff was submitted to GAC auditor. Please see attachment. Phase two of staff appraisal is ongoing. **SEE EXHIBIT 5***

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

- 1.4.3.8 We acknowledge **Exhibit 5** provided by the Management of the National Aid Commission. However, the assertions made by the Managements of the NIC as well as the Ministry of Posts and Telecommunications are not backed by any documentary evidence. Therefore, we maintain our recommendation.

## **1.4.4 Training and Development Plan**

### **Observation**

- 1.4.4.1 The Committee of Sponsoring Organizations of the Tradeway Commission (COSO) states, that commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control.
- 1.4.4.2 The above can be evidenced by providing training, to raise the awareness of management and employees of the internal control objectives and, in particular, the objective of ethical operations, and helps them to understand the internal control objectives and to develop skills to handle ethical dilemmas.
- 1.4.4.3 During the audit, we found no evidence that managements of the Ministry of State for Presidential Affairs (MOS), the Ministry of Post and Telecommunications (MOPT), Ministry of Financial and Development Planning (MFDP), Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids

Commission (NAC) had a documented training and development plan.

**Risk**

- 1.4.4.4 Lack of training and development plans may result in training programs not being able to address employees' training needs and performance deficiencies.

**Recommendation**

- 1.4.4.5 Managements of ministries and agencies should develop training and development plans to meet to employees' training needs and, subsequent performance enhancement.

**Management's Response**

- 1.4.4.6 *There was no staff performance Evaluation during the period under review directly under the Ministry of Posts and Telecommunication. Staff performance was done by Civil Service Agency (CSA).*

*The NAC does semi-annual performance appraisal of all of its staff. These performance evaluation reports will be properly documented for future reference.*

- 1.4.4.7 *Following the just ended internal reform at the NIC intended to address institutional challenges, phase one of staff appraisals has been completed. Appraisal documents are now available for review. Copy of the standard CSA appraisal form used to appraise NIC staff was submitted to GAC auditor. Please see attachment. Phase two of staff appraisal is ongoing. For the following courses, there are available standardized Training Packages that can be used for internal training purposes.*

<i>Course Description</i>	<i>Duration</i>	<i>Target Beneficiaries</i>
<i>Letter Posts</i>	<i>2 Weeks</i>	<i>10 persons</i>
<i>Parcel Posts</i>	<i>2 Weeks</i>	<i>10 persons</i>
<i>Direct Mail</i>	<i>2 Weeks</i>	<i>6 persons</i>
<i>Customer relations</i>	<i>2 Weeks</i>	<i>26 persons</i>
<i>Expedited Mail Service</i>	<i>2 Weeks</i>	<i>10 persons</i>
<i>Postal Statistics</i>	<i>2 Weeks</i>	<i>8 persons</i>
<i>IPS/IPS Light</i>	<i>2 Weeks</i>	<i>9 persons</i>
<i>Postal Security</i>	<i>2 Weeks</i>	<i>10 persons</i>
<i>Quality Control</i>	<i>2 Weeks</i>	<i>12 persons</i>
<i>Philatelic</i>	<i>1 Weeks</i>	<i>10 persons</i>
<i>Terminal Dues</i>	<i>2 Weeks</i>	<i>10 persons</i>
<b>TOTAL</b>		<b>123 Persons</b>

- 1.4.4.8 *The following are the courses for which we are seeking external training assistance at certificate, baccalaureate, conventional and research masters level:*

<i>NO.</i>	<i>Course Description</i>	<i>NO.</i>	<i>Course Description</i>
1	Internal Control System	11	Human Resource Management
2	Leadership & Ethics	12	Marketing Management
3	Public Governance	13	Customer Care
4	Internal Audit	14	Training & Develop.
5	Procurement	15	IT Security & Control
6	Financial Management & Expenditure Control	16	Policy Analysis, Formulations & implementation
7	MS word, Power Point, Access, MS Excel	17	Revolutionizing Broadband Wireless Access
8	Improving Public Service Delivery Senior	18	Planning & Managing Organizational change
9	Networking & Computer Applications (Intensive Practical Approved)	19	Computerized IT Applications in Human Resources & Performance Management
10	Electronic Documents & Data base management	20	Public financial Management: Reporting & Auditing

1.4.4.9 *The NAC provides training opportunities for its staff. However a formal training and development plan will be developed and documented.*

1.4.4.10 *During the audit, Phase one of staff appraisal was ongoing at NIC. At the conclusion of the appraisal, capacity gaps were discovered. Subsequently, a training and development plan was developed and is now available at the commission. **SEE EXHIBIT 5***

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

1.4.4.11 We acknowledge **Exhibit 5** provided by the Management of the National Aid Commission. However the Managements of the other Ministries and Agencies named in the Observation did not address the issue raised by the GAC. Therefore, we maintain our recommendation.

#### **1.4.5 Risk Management Policy**

##### **Observation**

1.4.5.1 COSO Integrated Framework on Risk Assessment requires that the organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to the achievement of objectives; the organization should identify risks to the achievement of its objectives across the entity and analyze risk as a basis for determine how the risk should be managed.

1.4.5.2 During the audit, the there was no evidence that the following Ministries and Agencies developed risk management policies: Ministries of State for Presidential Affairs (MOS), Post and Telecommunications (MOPT), Financial and Development Planning (MFDP), the

Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

**Risk**

- 1.4.5.3 The failure to develop a risk management policy could lead to management of ministries and agencies not providing a framework to identify and rate risks.

**Recommendation**

- 1.4.5.4 Managements of ministries and agencies should develop risk management policy for their entities in order to identify and manage risks that would impact negatively on each entity's ability to achieve its objectives.
- 1.4.5.5 The ministries and agencies should establish a register to record all risks identified and the measures taken for mitigation.

**Management's Response**

- 1.4.5.6 *Based upon observation made during this audit, the management will ensure that Risk management Policy is crafted to help this process.*
- 1.4.5.7 *The NAC will constitute a technical committee to develop a technical committee to develop a risk management policy in order to identify and manage risk that would impact negatively on NAC ability to achieve it objective.*
- 1.4.5.8 *Even though routine risk assessment audits have been conducted by NIC Internal Audit Unit (See attached), there is currently no risk management policy in place, considering the importance Management attaches to risk management, a new Risk Management Policy is being developed and will be in place for review during subsequent GAC Audits.*  
**SEE EXHIBIT**

**Auditor General's Position**

- 1.4.5.9 The assertions made by the Managements of the Entities listed in the observation are not backed by any documentary evidence. Therefore, we maintain our recommendation.

**1.4.6 Audit Committees of Ministries and Agencies**

**Observation**

- 1.4.6.1 K.10 of the PFM Regulations states that "a 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".

1.4.6.2 In addition, K.11(1),(a) of the PFM Regulations requires that the Audit Committee of Government Agencies or Organizations shall 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.

1.4.6.3 During the audit, there was no evidence that the following GoL Ministries and Agencies had established functioning audit Committees: Ministries of States for Presidential Affairs (MOS), Post and Telecommunications (MOPT), Finance and Development Planning (MFDP), as well as the Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

#### **Risk**

1.4.6.4 Failure for the Managements of Ministries and Agencies to establish functioning Audit Committees, may lead to Managements being unable to take timely corrective action on deficiencies identify in internal controls.

#### **Recommendations**

1.4.6.5 Ministries and Agencies should establish Audit Committees as part of their Governance structures so as to evaluate and ensure that internal controls are operating effectively.

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

1.4.6.6 *The Minister/Postmaster-General has constituted an Audit Committee headed by the Minister and Co-chair by the Deputy Minister/Administration.*

1.4.6.7 *Other members of the Audit Committee are:*

*Mr. Henery S. Shaffa*

*Mr. Miller Karduan*

*Mr. Jerry M. Cephass*

*Mr. Ernest T. Bakana*

*Mr. Vincent T. Yelegar*

1.4.6.8 *The NAC will formerly constitute an audit committee to evaluate and ensure that internal controls are operating effectively.*

1.4.6.9 *In an effort to maintain fiscal discipline, the Management of NIC recently gave approval for the setting up of an Audit Committee in order to ensure the independence of the NIC Internal Audit Unit. The New Audit Committee is being formed and its composition and TORs will be in place for review during subsequent GAC Audits.*

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

1.4.6.10 Managements of the Entities listed in the observation did not address the issue raised by the GAC. Therefore, we maintain our recommendation.

#### **1.4.7 IT Committee**

##### **Observation**

- 1.4.7.1 According to COBIT 5 framework on IT Governance, IT organizations or organizations with IT infrastructure should have IT Steering Committees with a formal charter designating the participation of each member on the committee granting responsibility and authority in a concept similar to that of an audit charter.
- 1.4.7.2 The Information Technology Steering Committee would connect users and the Information System Department to exchange information relative to users' needs and priorities.
- 1.4.7.3 During the Audit, we observed that there was no evidence that the following Ministries and Agencies established an IT steering committee: the Ministries of State for Presidential Affairs (MOS), Post and Telecommunications (MOPT), Ministry of Finance and Development Planning (MFDP), the Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

##### **Risk**

- 1.4.7.4 Lack of IT Steering Committee could result in users not being connected to IT decisions making of the entity and this may lead to lack of IT awareness.
- 1.4.7.5 There may also be lack of business continuity process and that if users are not aware of IT functions, the entity may not achieve its objectives.

##### **Recommendation**

- 1.4.7.6 The Managements of the Ministries and Agencies should ensure that an IT Steering Committee is set up so as to provide direction for aligning IT functions with current business objectives.
- 1.4.7.7 The Steering Committee, when established, should connect end-users and senior management and oversee the strategic orientation and vision for IT at the Ministries.

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

- 1.4.7.8 *The Ministry (MPT) has IT staff that is within the employ of the entity, but there is no formal committee setup. However, based on the observation and recommendations made, the entity will ensure the establishment of a committee to steer the affairs of the IT section of the Ministry in the shortest possible time.*
- 1.4.7.9 *The NAC will establish an IT Steering Committee to ensure that strategic is properly managed.*

- 1.4.7.10 *Currently, the NIC's IT Section is working with the MOPT to meet national IT standard. To properly enforce national IT Policy at the NIC, an IT Steering Committee is being formed along with and composition for review during the subsequent GAC Audits.*

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

- 1.4.7.11 Managements of the Entities listed in the observation did not address the issue raised by the GAC. Therefore, we maintain our recommendation.

### **1.4.8 IT Control Environment**

#### **Observation**

- 1.4.8.1 According to the requirements of COBIT PO1, management should develop an IT strategic plan which is required to manage and direct all IT resources in line with the business strategy and priorities. The strategic plan improves key stakeholders' 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 portfolios and executed by the IT tactical plan(s), which specifies concise objectives, action plans and tasks that are understood and accepted by both business and IT.

- 1.4.8.2 During the audit, we observed that there was no evidence that the Managements of the following Ministries and Agencies had developed an IT Strategic Plan for use to manage and direct all IT resources in line with the business strategy and priorities: the Ministries of State for Presidential Affairs (MoS), Post and Telecommunications (MOPT), Finance and Development Planning (MFDP), Liberia Institute for Public Administration (LIPA), National Investment Commission (NIC), Monrovia City Corporation (MCC), National Bureau of Concessions (NBC), Forestry Development Authority (FDA), Liberia National Lottery (LNL), National Veterans Bureau (NVB), and the National Aids Commission (NAC).

#### **Risk**

- 1.4.8.3 The non-development of an effective IT control environment could result in IT goals not contributing to department's strategic objectives and related costs and risks.

#### **Recommendation**

- 1.4.8.4 GoL Ministries and Agencies (M/As) should develop an effective IT control environment that would facilitate the efficient acquisition and use of IT resources.

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

- 1.4.8.5 *In an effort to address the issue of IT Control Environment, the Ministry of Posts and Telecommunications is in the process of creating an IT Control environment Which will reflect the business strategy to be executed by an IT strategic plan that will have specific succinct objectives, action plans and tasks that will be understood and expected in both business and IT settings.*



1.4.8.6 *The NAC will develop an IT control environment that would facilitate the efficient acquisition and use of IT resources.*

1.4.8.7 *During the GAC audit, there was no IT Strategic Plan in Place. However, considering the exigency to automate most of NIC's records, a new IT Strategic plan to manage and direct IT resources is being developed and will be available for review during GAC subsequent audits*

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

1.4.8.8 We acknowledge Management's acceptance of our recommendation. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

#### **1.4.9 Overall Evaluation of Internal Audit**

##### **Observation**

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

1.4.9.2 In addition, paragraph 1130. A1 of the standard states that "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".

1.4.9.3 During the audit, the following weaknesses were observed regarding the functioning of the internal audit units in the various Ministries and Agencies:

- Internal Auditors were pre-signing payment vouchers;
- No evidence of adequate resources for Internal Audit Function;
- Except at the FDA, MOS, MCC, there was no evidence of internal audit annual work plan seen during the period under review; and
- The reporting responsibility for Internal Audit was not clear between the management of the audited entity and the Internal Audit Agency.

##### **Risk**

1.4.9.4 Inadequate resources to the Internal Audit Unit could lead to IA objectives not been met.

##### **Recommendation**

1.4.9.5 Managements of Ministries and Agencies should establish Management Internal Control Units (MICU) to certify payment vouchers before payment in order to give assurance



that the transaction complied with regulations, policies and procedure. This would enable internal audit staff not to be engaged in providing assurance engagements (pre-signing vouchers) for functions over which they have a responsibility.

### **Management's Response**

- 1.4.9.6 *The Internal Audit Bureau (IAB) of the Ministry of Posts and Telecommunications (MoPT) is guarded by the International Audit Agency (IAA). As part of the IAA (10) ten priority areas, the Internal Audit Bureau of MOPT is mandated to conduct pre-compliance review.*
- 1.4.9.7 *Under the pre-compliance review, payment voucher, purchase order, supporting documents, Goods Service and works, and other payment instruments are reviewed to ensure that they meet requirement. The pre-compliance review is conducted to ensure preventive measure.*
- 1.4.9.8 *The reporting line of Internal Audit Bureau of (MoPT) is very clear. The internal Audit Bureau reports directly to the Audit Recommendation Implementation Committee (ARIC) headed by the Minister of Posts & Telecommunications.*
- 1.4.9.9 *It is require by IAA for all Internal Audit Unit in the Various Ministries and agencies to firstly conduct Annual Risk Assessment. The Risk Assessment is then used to develop Risk mitigation Audit Plan. The Annual Work Plan is approved by the Minister of MOPT & Chairman of (ARIC). Copy of the annual work plan is submitted to the IAA.*
- 1.4.9.10 *The ministry of post & telecommunications is not providing adequate support to the internal Audit (IAB) due to budget constrain.*
- 1.4.9.11 *The NAC as a small entity only has an internal auditor who evaluates all payments documents before payments are made; and does not pre-signed payment vouchers.*
- 1.4.9.12 *The NIC hereby provides the following responses to the four counts (above) raised by GAC during the audit:*
- NIC internal auditors do not pre-sign payment vouchers;*
- NIC internal auditors are relatively resourced to perform their functions;*
- NIC Internal Audit Unit submitted its annual work plan, internal audit charter, etc. to GAC auditors. See attachment;*
- NIC auditors are closely working with IAA's designated auditors to strengthen system and control at the commission and to also ensure the independence of NIC internal auditors. Having the NIC internal auditors report to an Audit Committee and not to the head of NIC was one of the control measures recommended by IAA auditors.*

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

- 1.4.9.13 Management did not provide evidence to indicate that the weaknesses noted in the observation with respect to the Internal Audit function has been addressed. Therefore, we maintain our recommendation.

### **1.4.10 Disaster Recovery Plan**

#### **Observation**

- 1.4.10.1 Management should draw up a disaster recovery plan to recover information in the event of loss. The plan would mitigate the loss of transaction data and information. The purpose of the plan is to minimize the effects of services interruption on the operations of each individual ministries and agencies by:
- Specifying procedures to be followed in the event of a disaster or specific situation, especially measures to be put in place to minimize the effects of disasters;
  - Assigning responsibilities to various staff members involved in the implementation of the plan;
  - Specifying procedures for the restoration of normal service following a disaster.
- 1.4.10.2 During the audit, we observed that there was no evidence that GoL Ministries and Agencies had established disaster recovery plan to help recover transaction data in the event of disaster.

#### **Risk**

- 1.4.10.3 Failure to establish a disaster recovery plan may result in the complete loss of Transaction data and information in the case of disaster.

#### **Recommendation**

- 1.4.10.4 Managements of Ministries and Agencies should develop a disaster recovery plan so as to mitigate the risk of loss of transaction data and Information in the event of an adverse occurrence.

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

- 1.4.10.5 *The Ministry of Posts and Telecommunications do have IT control environment, Local Area Network (LAN) infrastructure in place connected to a server for data storage, information sharing and control. The network is supported with Cyberoam for security and policy enforcement. IT equipment in use at the Ministry of Posts and Telecommunications and is connected to the server and the Cyberoam which control the domain.*
- 1.4.10.6 *In case of loss of information or data from the Ministry of Posts and Telecommunication, the infrastructure in place is capacitated to recover data from the server on site (MOPT)*


*or from our external sit (Mini data Center located at the Liberia Telecommunications Authority) in case of a breakdown of our server at MOPT.*

- 1.4.10.7 *Each unit within the commission had an external hard drive which was used as a backup to store information. The NAC has just acquired a server which will be installed to respond to the issue of disaster recovery.*
- 1.4.10.8 *As a result of the unfortunate incident that led to the destruction of NIC's transaction documents while being housed in the National Archives Building on 12th Street, the need to have a disaster recovery plan is paramount to the Commission. Currently, a detailed disaster recovery plan that addresses all potential disaster areas of the Commission is being developed for review during subsequent GAC audits.*

**Auditor General's Position**

- 1.4.10.9 We acknowledge the assertions made by the Managements of the Ministry of Post and Telecommunication as well as the National Aid Commission. However, we will make a follow up on the implementation of the recommendation in subsequent audit of the GoL Consolidated Fund Financial statements.

**Monrovia, Liberia  
February, 2017**

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

## 2 STATUS OF PRIOR YEARS AUDIT MATTERS

2.1 Recommendations conveyed in prior years audit report are yet to be implemented by Management of the Ministry of Finance and Development Planning as indicated in the Table below:

### Schedule of Prior-year's Matters not implemented

No.	Source of the finding (Management Letter and audit report)	Particulars of paragraph	Recommendation
1.	Submission of Financial Statements	Paragraph #2.1.3 Page # 8	Ministries and agencies should prepare and present annual financial statements as required by the Section I.11 of the PFM Regulations.
2.	Strategic and Operational Plan	Paragraph #2.2.18 Page # 76	Ministries and agencies should have approved organization structure, strategic plan and annual operational plan.
3.	Organizational Structure	Paragraph #2.2.3 Page # 58	Ministries and agencies should develop an organizational structure that will clearly set appropriate authority and responsibility at various levels.
4.	Code of conduct	Paragraph #2.2.4 Page # 59	The Ministers of these ministries should ensure that CSA regulations are distributed and properly communicated to staff, and periodic awareness programs conducted in order to guide staff against acts which may have a negative repercussion on the operations of their entities.
5.	Human Resources Policies	Paragraph #2.2.6 Page # 61	Policies and procedures relating to human resources must be developed and properly communicated to staff in order to instill a sense of job security, job satisfaction, and provide a clear career path.
6.	Staff Performance Evaluation	Paragraph #2.2.7 Page # 63	The managements of ministries should implement a documented staff performance evaluation process in order to identify staff performance deficiencies and take corrective measures.
7.	Risk Management Policy	Paragraph #2.2.9 Page # 65	The ministries must establish a risk management policy and perform formal risk assessment in order to identify and manage risk that would impact negatively on each ministry's ability to achieve its objectives.
8.	Disaster Recovery Plan	Paragraph 2.2.11 Page.67	The ministers must establish a disaster recovery plan for each ministry as part of

No.	Source of the finding (Management Letter and audit report)	Particulars of paragraph	Recommendation
			its risk management strategy. This would mitigate the risk of loss of transaction data and information in the event of a disaster.
9.	Monitoring of Controls	Paragraph 2.2.12 Page.68	The Ministries' Managements should establish procedures to monitor the effectiveness of the internal controls on a regular basis.
10.	IT Strategic Plan	Paragraph 2.2.18 Page.76	The ministries should evolve, institute and implement IT strategic plans that define their goals, strategic objectives, and related cost and risk.

### 3 ANNEXURES

#### Annexure 1: Ministries and Agencies that did not Submit Financial Statements for Consolidation for FY 2014/2015

No.	Ministries and Agencies	Fiscal Year
1.	Ministry of Agriculture (MoA)	2014/2015
2.	Ministry of Commerce and Industry (MoC)	2014/2015
3.	Ministry of Foreign Affairs (MOFA)	2014/2015
4.	Booker Washington institute (BWI)	2014/2015
5.	Ministry of Internal Affairs (MIA)	2014/2015
6.	Ministry of Justice (MOJ)	2014/2015
7.	Ministry of National Defense (MOND)	2014/2015
8.	National Aids Commission (NAC)	2014/2015
9.	National Food Assistance Agency (NFAA)	2014/2015
10.	Ministry of Posts and Telecommunication (MOPT)	2014/2015
11.	National Housings and Savings Bank (NHSB)	2014/2015
12.	Tax Appeal Board (TAB)	2014/2015
13.	National Legislature (NL)	2014/2015
14.	Liberia National Lottery (LNL)	2014/2015
15.	Nimba Community College (NCC)	2014/2015
16.	Phebe Hospital school of Nursing (PHSN)	2014/2015
17.	William V.S. Tubman University (W.V.S.T.U)	2014/2015
18.	Zorzor Rural Teacher Training Institute (ZRTTI)	2014/2015
19.	Mano River Union (MRU)	2014/2015
20.	Bong Community College (BCC)	2014/2015
21.	Bureau of Immigration and Naturalization (BIN)	2014/2015
22.	National Fire Service (NFS)	2014/2015
23.	Forestry Training Institute	2014/2015
24.	Drug Enforcement Agency (DEA)	2014/2015
25.	Independent Information Commission	2014/2015
26.	Grand Bassa County Community College (BCCC)	2014/2015
27.	Land Commission (LC)	2014/2015
28.	Law Reform Commission (LRC)	2014/2015
29.	Liberia Institute of statistics Geo-Information service (LISGIS)	2014/2015
30.	Liberia Institute of Bio-medical Research (LIBR)	2014/2015
31.	Liberia Maritime Authority (LMA)	2014/2015
32.	Liberia Medicines and Health Regulatory Authority (LMHPRA)	2014/2015
33.	Liberia Rubber Development Authority (LRDA)	2014/2015
34.	Liberia Telecommunications Corporation (LTC)	2014/2015
35.	Liberia Water and Sewer Corporation (LWSC)	2014/2015
36.	Liberia Agency for Community Empowerment (LACE)	2014/2015
37.	Liberia Broadcasting System (LBS)	2014/2015

<b>No.</b>	<b>Ministries and Agencies</b>	<b>Fiscal Year</b>
38	Liberia Industrial Fee Zone Authority (LIFZA)	2014/2015
39	Liberia Maritime Authority (LMA)	2014/2015
40	Liberia Pharmacy Board (LPB)	2014/2015
41	National Human Rights Commission (NHRC)	2014/2015
42	Grand Gedeh Community College (GGCC)	2014/2015
43	Cuttington University College (CUC)	2014/2015
44	Executive Protection Services (EPS)	2014/2015

**Annexure 2: Reversal in Tax Administration System (TAS)**

Tax Payer	Tax Code	Tax Kind	Date	USD	BPS No	Receipt N	Check No
OLIVER NWAFOR CAREY & GURLEY STREET MONROVIA LIBERIA	1151	Customs penalties and fines	7/11/2014	(367.20)	0000000	2014R14676	FIB000035220
ARTHUR VAAGBAY BERNARD FARM MONTERRADO COUNTY LIBERIA	1151	Customs penalties and fines	7/11/2014	(360.00)	0000000	2014R14704	FIB000035233
REDWOOD ENTERPRISE INC BREWERVILLE CITY MONROVIA LIBERIA BLAMASEE TOWN	1151	Customs penalties and fines	7/31/2014	(242.40)	0000000	2014R16308	FIB000053703
MOHAMMED SEKOU TOURE NEEZOE PAYNESVILLE MONROVIA LIBERIA	1151	Customs penalties and fines	7/9/2014	(234.00)	0000000	2014R14511	FIB000035161
OJONG HERNY ENOW MONROVIA MONTERRADO LIBERIA	1151	Customs penalties and fines	7/19/2014	(228.80)	0000000	2014R15446	FIB000035435
ARTHUR VAAGBAY BERNARD FARM MONTERRADO COUNTY LIBERIA	1151	Customs penalties and fines	7/11/2014	(490.00)	0000000	2014R14709	FIB000035233
AUSMA IMPORTS BENSON & BUCHANAN STREETS	1151	Customs penalties and fines	7/29/2014	(250.00)	0000000	2014R16117	FIB000040043





Management Letter  
 On the GOL Consolidated Fund Financial Statements  
 For Fiscal Year Ended June 30, 2015

Tax Payer	Tax Code	Tax Kind	Date	USD	BPS No	Receipt N	Check No
MONTERRADO MONROVIA LIBERIA							
MARDEA MENA KENNEDY MONROVIA LIBERIA	1151	Customs penalties and fines	7/31/2014	(776.69)	0000000	2014R16310	FIB000053704
NIYOTA USED CARS JOHNSON & CAREY STREETS MONROVIA MONTERRADO LIBERIA	1151	Customs penalties and fines	7/28/2014	(269.54)	0000000	2014R15964	FIB000053594
LASSANA KAMARA IRON FACTORY MONROVIA LIBERIA	1151	Customs penalties and fines	7/31/2014	(400.00)	0000000	2014R16240	FIB000053679
MARDEA MENA KENNEDY MONROVIA LIBERIA	1151	Customs penalties and fines	7/31/2014	(577.81)	0000000	2014R16315	FIB000053704
ARTHUR VAAGBAY BERNARD FARM MONTERRADO COUNTY LIBERIA	1151	Customs penalties and fines	7/11/2014	(305.00)	0000000	2014R14705	FIB000035233
T I B A INDUSTRIAL GROUP INC. BONG MINES BRIDGE BUSHROD ISLAND, ADJACENT POLICE STATION MONROVIA, LIBERIA	1151	Customs penalties and fines	7/28/2014	(3.52)	0000000	2014R16012	ECO0521717
LASSANA KAMARA	1151	Customs penalties and fines	7/31/2014	(440.00)	0000000	2014R16238	FIB000053679



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Tax Payer	Tax Code	Tax Kind	Date	USD	BPS No	Receipt N	Check No
IRON FACTORY MONROVIA LIBERIA							
FRANSIAH BEST LYNCH STREET MONROVIA MONTERRADO LIBERIA	1151	Import duties on goods other than rice and petroleum	1/15/2015	(33.17)	0000000	2015R955	FIB2228568
ABUNDANT LIFE IN CHRIST OUTREACH MI BREWERVILLE MONTERRADO MONROVIA, LIBERIA	1151	GST on imported goods (excluding petroleum)	3/26/2015	(57.58)	0000000	2015R5960	FIB2256114
CHUNKESS VENTURE RED LIGHT PAYNESVILLE CITY MONTERRADO LIBERIA	1151	Import duties on goods other than rice and petroleum	3/6/2015	(17.20)	0000000	2015R4617	FIB2257456
BAF TRADINGCORPORATION INC. VAI TOWN BUSHROD ISLAND MONTERRADO LIBERIA	1151	Import duties on goods other than rice and petroleum	3/19/2015	(53.32)	0000000	2015R5412	ALB00993216
ABUNDANT LIFE IN CHRIST OUTREACH MI BREWERVILLE MONTERRADO MONROVIA, LIBERIA	1151	Import duties on goods other than rice and petroleum	3/26/2015	(116.48)	0000000	2015R5960	FIB2256114



Tax Payer	Tax Code	Tax Kind	Date	USD	BPS No	Receipt N	Check No
MONOPRIX SUPERMARKET INC. BENSON STREET MONROVIA MONTSEERRADO LIBERIA	1151	Import duties on goods other than rice and petroleum	3/13/2015	(1,530.37)	0000000	2015R5007	FIB2256461
CARROLL'S ENTERPRISE ROBERT FIELD HIGHWAY SCHEFLIN BARACK MARGIBI COUNTY LIBERIA	1151	Customs penalties and fines	5/9/2015	(113.22)	0000000	2015R9218	FIB2253122
<b>Total</b>				<b>(6,866.30)</b>			

**Annexure 3A: Reversals on Revenue Account United States Dollars (0220530000211)**

Date	Description	Checks #	Amount US\$
February 13, 2015	Reversal	51487	(302,337.02)
May 11, 2015	Reversal	0172314	(67,550.00)
October 9, 2014	Reversal	113142	(11,816.00)
October 14, 2014	Reversal	317800	(1,000.00)
November 10, 2014	Reversal	93387	(599,322.46)
November 18, 2014	Reversal	117997	(500.00)
November 21, 2014	Reversal	117751	(1,000.00)
November 21, 2014	Reversal	117759	(96.00)
November 21, 2014	Reversal	118853	(20,477.00)
November 21, 2014	Reversal	118855	(17,932.00)
November 21, 2014	Reversal	118858	(19,053.00)
November 21, 2014	Reversal	118859	(28,905.00)
November 21, 2014	Reversal	118860	(20,397.00)



Date	Description	Checks #	Amount US\$
<b>Total</b>			<b>(US 1,090,385.48)</b>

**Annexure 3B: Reversals on Revenue Account LIBERIAN DOLLARS (0120530000211)**

Date	Description	Checks #	Amount L\$
July 8,2014	Reversal	103219	(3,465,163.72)
November 10,2014	Reversal	93386	(32,359.00)
November 10, 2014	Reversal	93389	(3,313,755.75)
November 21, 2014	Reversal	117753	(63,757.70)
November 21, 2014	Reversal	117754	(87,336.00)
November 21, 2014	Reversal	117760	(4,075.00)
<b>Total</b>			<b>(L\$ 6,966,447.17)</b>

**Annexure 4: Unsupported Foreign Travel Transactions**

Date	DESCRIPTION	Payee	VT#	CK#	AMT US\$
Nov. 27, 2014	Payment as cost of Domestic Travel-Daily Subsistence Allowance in favor of other County Courts for the month of November, 2014.	Judiciary	7382		US\$5,507.00
June 04, 2015	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	43506		9,500.00
June 04, 2015	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	43386		50,250.00
June 04, 2015	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	43413		57,000.00
June 4, 2015	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	43452		9,057.00
Feb. 16, 2015	Payment as cost for Foreign Travel, Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015.	Judiciary	12532		57,000.00



Date	DESCRIPTION	Payee	VT#	CK#	AMT US\$
June 05, 2015	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	43544		9,750
Feb. 16, 2016	Payment as cost for Foreign Travel , Means of Travel, Incidental allowance, and daily subsistence for May and June, 2015	Judiciary	12527		50,250.00
<b>Total</b>					<b>US\$248,314.00</b>

#### Annexure 5: Validation certificate

No	Ministry/Agency	Description	Voucher #	Date	Amount USD	Comment
1	PPCC	PPCC staff General allowance for the month of July 2014	1085	AUG. 13,2014	26,718.88	There was no evidence of general allowance validation certificate
2	Minister of Internal Affair	General staff Allowance for the month of Aug. 2014	1162	AUG. 05,2014	35,535.00	There was no evidence of general allowance validation certificate
3	MCSS	General Staff Allowance for the month of July 2014	212	July 22,2014	23,205.00	There was no evidence of general allowance validation certificate
4	MOJ	General staff Allowance for the month of July 2014	433	July 22,2014	41,552.00	There was no evidence of general allowance validation certificate
5	LISGIS	General Staff Allowance for the month of Aug. 2014	1218	AUG. 12, 2014	48,680.00	There was no evidence of general allowance validation certificate
<b>Total</b>					<b>USD\$175,690.88</b>	

**Annexure 6A: Separated Employees on the Office of the Vice President Payroll:**

No.	Name	Payroll #:	Date of Separation	Reason for Separation	Monthly Salary LD\$ Amount	No of months paid after separation	Cumulative Pay as at 30 June, 2015	Months Paid	Position
1	Marie S. Smith	01-01-102-6035	December 30, 2014	Dismissal	13,164.00	5	65,820.00	January 2015 to May 2015	Director/Human Resource Division
2	Stephen Saysay	01-01-102-3013	July 23, 2014	Deceased	10,548.00	7	73,836.00	November 2014 to June, 2015	Deputy Director/Human Resource Division
<b>TOTAL</b>					<b>LRD\$ 23,712.00</b>		<b>LRD \$139,656.00</b>		

**Annexure 6B: Separated Employees on the Ministry of Land, Mines and Energy Payroll**

No.	Name	Payroll #:	Date of Separation	Reason for Separation	Monthly Salary LD\$ Amount	No of months paid after separation	Cumulative Pay as at 30 June, 2015	Months Paid	Position
1	Jangar Bombo	32-35-109-0100	April 4, 2015	Dismissal	8,414.00	2	16,828.00	May 2015 to June 2015	Cadet/ Accountant
2	Abraham Boylrd	32-01-321-0170	May 4, 2015	Resignation	8,414.00	1	8,414.00	June 2015	Cadet/ Technical Student
3	Hawa	32-01-511-0126	March 25,	Resignation	11,072.00	3	33,216.00	April	Assistant

No.	Name	Payroll #:	Date of Separation	Reason for Separation	Monthly Salary LD\$ Amount	No of months paid after separation	Cumulative Pay as at 30 June, 2015	Months Paid	Position
	Kutu Akoi		2015					2015, to June 2015	Director/ Procurement
4	Marie Brown	32-02-109-0220	March 20, 2015	Resignation	8,414.00	2	16,828.00	April to May 2015	Financial Clerk/Expeditor
<b>Total</b>					<b>LRD\$ 36,314.00</b>		<b>LRD\$ 75,286.00</b>		

#### Appendix 7: Transport Equipment

NO:	DESCRIPTION	PAYEE	AMOUNT	VOUCHER #	DATE
1.	Payment of US\$38,500.00 is 100% payable for transport equipment in favor of Montserrado Courts for the month of June, 2015 as per allotment.	Judiciary	38,500.00	EV#44319	June 11, 2015.
2.	Payment for the purchase of Transport Equipment in favor of Administration and Management.	Judiciary	40,000.00	EV# 48941	June 29, 2015
3.	Payment for Transport Equipment in favor of Other County Courts.	Judiciary	150,500.00		June 11, 2015
4.	Payment for Transport Equipment in favor of Supreme Court.	Judiciary	36,600.00		June 11, 2015
2.	<b>Transport Equipment</b>	Liberia Anti-	62,000.00	EV#38158	



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<b>NO:</b>	<b>DESCRIPTION</b>	<b>PAYEE</b>	<b>AMOUNT</b>	<b>VOUCHER #</b>	<b>DATE</b>	
		Corruption Commission				
	<b>TOTAL</b>		<b>US\$ 327,600.00</b>			

