

Management Letter

On The Restated Financial Statements of the Ministry of Planning & Economic Affairs

For Fiscal Year Ended June 30, 2013



Promoting Accountability of Public Resources

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Auditor General, R.L**

Monrovia, Liberia

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Acronyms Used

Acronym	Meaning
AG	Auditor General
CBL	Central Bank of Liberia
CGMA	Chartered Global Management Letter
CPA	Certified Public Accountant
FAR	Fixed Asset Register
FY	Fiscal Year
GAC	General Auditing Commission
GoL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
LD	Liberian Dollars
LDC	Liberia Development Alliance
LIMPAC	Liberia Microeconomic Policy & Development Project
LRDC	Liberia Reconstruction & Development Commission
MoF	Ministry of Finance
MPEA	Ministry of Planning and Economics Affairs
NAO	National Authorizing Office
PPCC	Public Procurement and Concession Committee
PPCU	Population Policy Coordination Unit
TSF	Travel Settlement Form
USD	United States Dollar

Management Letter on the Restated Financial Statements of the Ministry of Planning and Economic Affairs for Fiscal Year Ended June 30, 2013

April 26, 2016

Hon. Amara M. Konneh,
Minister of Finance & Development Planning
Republic of Liberia

We have completed the close-out audit of the Ministry of Planning and Economic Affairs for the year ended June 30, 2013. The issues raised in this Report are the result of the review and analyses of documents made available to the audit team by the management of the Ministry of Planning and Economic Affairs.

Scope and Determination of Responsibility

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that the audit is planned and performed so as to obtain reasonable assurance that the annual financial statements are presented fairly in all material respect.

It is worth noting that the Ebola outbreak has greatly impeded the timely planning, execution and reporting of the audit since many of the workforce were sent off work as a measure to curtail the spread of the outbreak.

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 statements presentation.

The audit also included 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 Management 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 Management of the Ministry of Finance. Our responsibility is to express our opinion on these financial statements.

Management Comments

The comments provided to the Management Letter by management are inserted verbatim underneath the issues being responded to. Additional evidences provided were evaluated and to the extent that those evidences adequately addressed the findings, the issues were dropped from the report. Where appropriate we provided clarity to issues which in our view needed to be clarified.

Appreciation

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

Sincerely,


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

1 DETAILED REPORT

1.1 Introduction

1.1.1 The Ministry of Planning and Economics Affairs audit was undertaken by the Auditor-General of Liberia following a request by the Minister of Finance and Development Planning. The request was made after the merger of the Ministry of Planning and Economics Affairs and the Ministry of Finance by an Act of the National Legislature which took effect on July 1, 2014. The audit was commissioned on July 1, 2014 by the Auditor-General under the statutory mandate as provided for under Chapter 53.3 of the Executive Law. The audit covered fiscal year of operations from July 1, 2012 to June 30, 2013. The audit was undertaken by a team of Auditors drawn from the General Auditing Commission (GAC).

1.2 Mandate of Ministry of Planning and Economic Affairs

1.2.1 The Ministry of Planning and Economic Affairs (MPEA) was established by an Act of the National Legislature on February 14, 1976, following an amendment of the 1966 Act that established the Department of Planning and Economic Affairs. The Ministry's primary role is to support "Planning and Economic Policy, foster promote and develop the Liberian economy".

1.2.2 The MPEA had three (3) operating Departments, Regional and Sectorial Planning, Administration and Economics Affairs and Policy.

1.2.3 The Department of Regional and Sectorial Planning had oversight responsibility to coordinate the operations of Sectorial Planning Office, Regional Planning Office, Population Policy Coordination Unit (PPCU), and Liberia Microeconomic and Development Project (LIMPAC).

1.2.4 The Department Regional and Sectorial Planning coordinates the operations of the Liberia Reconstruction Development Committee (LRDC), The LRDC was not reflected on the organizational chart submitted for audit.

1.2.5 The Liberia Reconstruction Development Committee (LRDC) was a major implementer of programs and projects undertaken by the MPEA for the periods under audit. The LRDC was established in early 2006 to serve as a forum between the development partners and senior government officials, and coordinate development agenda of Liberia.

1.2.6 The LRDC was headed by a Steering Committee, chaired by the President with the Minister of Planning and Economic Affairs as the National Coordinator. The LRDC Secretariat is charged with aid coordination, coordinating the implementation and monitoring of the Lift Liberia agenda or Poverty Reduction Strategy (PRS). The LRDC was transformed into Liberia Development Alliance

(LDA) on January 23, 2013.

1.2.7 The Department of Economic Affairs and Policy responsible to undertake economic planning and policy formulation

1.2.8 The Department of Administration was also responsible to provide administrative guidance for the effective operations of the MPEA.

1.3 **Key Personnel of the MPEA**

1.3.1 Key personnel of MPEA are indicated in the table below:

Table 1:

Name	Title / Position Held	Tenure
Amara M. Konneh	Minister	2011-2014
Marcus S.G. Dahn	Deputy Minister for Administration	2011-2014
James Dorbor Jallah	Deputy Minister for Sectorial and Regional Planning	2011-2012
Jeremiah Sokan	Deputy Minister for Sectorial and Regional Planning	2011-2012
Sebastian Muah	Deputy Minister for Economic Affairs Policy	2011-2012
Nathan Reeves	Comptroller	2011-2013
Thomas Juah	Comptroller	March 2013-July 1,2014
James N. Samokah	Director Procurement	2008-July 1, 2014
Theophilus Addey	National Deputy Coordinator Liberia Reconstruction Development Committee (LRDC)/Liberia Development Alliance(LDA)	March 2012 to present
James D. Komon, Jr.	Macroeconomics, Liberia Macroeconomic Policy Analysis Capacity Building Project (LIMPAC)	July 1,2008 to Present
Daniel W. Garteh	Acting Coordinator Population Policy Coordination Unit(PPCU)	July 2011 to present

1.4 **Audit Objectives**

1.4.1 The objectives of the audit are to:

- Express an opinion on whether the MPEA's financial statements were fairly presented, in all material respects, in accordance with cash basis International Public Sector Accounting Standards (IPSAS).
- Report on MPEA's compliance with provisions of applicable laws and regulations.
- Report any significant deviations in internal control that came to our attention as a result of the audit, as provided for under section 53.7, Executive Law of 1972, which mandates the Auditor General to report the following:

- Any public monies not duly accounted for and paid into an unauthorized depository;
- Any appropriation that was exceeded or applied to any account;
- Any deficiency or loss through fraud , default , or mistake of any person or group of person ; and
- Inadequate or ineffective internal control of public monies and assets

1.5 **Management’s Responsibility for the financial statements**

1.5.1 Management is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.6 **Auditor General’s Responsibility**

1.6.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement; whether due to error or fraud.

1.6.2 Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

1.6.3 Our audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

1.7 **Audit Scope and Methodology**

1.7.1 The audit of the Ministry of Planning and Economic Affairs covered the period July 1, 2012 – June 30, 2013. We reviewed the legal, business and control environment of MPEA through which risks of material misstatements affecting the ministry’s operations were assessed. Audit procedures considered necessary were thus pursued to address the risks identified in MPEA’s operations. The methods used included:

- Document review
- Interviews
- Compliance and substantive tests
- Substantive analytical reviews
- Inspection of records and documents
- Confirmation
- Recalculation/Re-performance

1.7.2 We also carried out reviews to ascertain the level of operation of the controls, procedures and policies. Where deviations were noted, their impact on the controls were assessed and factored into the related audit programs.

1.7.3 Substantive tests were performed on a sample basis to enable us ascertain the validity of assertions made in the financial statements, regarding revenue and expense items. These were carried out on the basis of risk analysis and involved the checking of individual transactions.

1.8 **Limitation of Responsibility**

1.8.1 We reviewed the systems and management controls operated by MPEA only to the extent we considered necessary from the information and documents provided by the management for the effective performance of this audit. Therefore, our review may not have detected all material weaknesses that existed or all improvements that could have been made. We have prepared this Management Letter for the use of MPEA's management and for the purposes of the GAC only.

1.9 Detailed Findings and Recommendations

1.9.1 Financial Issues

1.9.1.1 Non-Compliance with IPSAS Reporting Framework

Observation

1.9.1.1.1 According to Section 1.2.1 of IPSAS Cash Basis reporting standards an entity should prepare and present general purpose financial statements which include:

- A statement of cash receipts and payments;
- Accounting policies and explanatory notes; and
- A comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments in accordance with paragraph 5.2.0 of this Standard.

1.9.1.1.2 The financial statements for the period ended June 30, 2013 did not disclose explanatory notes relating to significant variances between the budget and actual as required by IPSAS Cash Basis Accounting. We were thus unable to verify the reasonableness of the variances as a result of the omitted disclosures.

Risk

1.9.1.1.3 Non-adherence to the GOL's IPSAS cash basis financial reporting framework undermines the intent of the framework and government's effort to ensure sound financial management and reporting in the public sector.

1.9.1.1.4 Failure to disclose reasons for significant variances within the financial statements could provide limited information to users of the financial statements thereby affecting ability to make informed decision.

Recommendation

1.9.1.1.5 The Minister of MPEA, Deputy for Administration, and Comptrollers should provide substantive justification for their failure to adhere to the reporting requirements of IPSAS Cash Basis Accounting.

Management's Response

1.9.1.1.6 *The financial statements for fiscal year 2012/2013 meet all other reporting requirements as promulgated by the IPSAS cash basis of accounting framework adopted by the Liberia Government in 2009.*

Auditor General Position

1.9.1.1.7 The management's failure to disclose reasons for significant variances within the financial statements constitutes a breach of the IPSAS accounting framework adopted by the Liberian Government in November 2009. Therefore, we maintain our position.

1.9.1.2 Non-Maintenance of Accounting Manual and Policy

Observation

1.9.1.2.1 Regulation A.5 (1-3), PFM Regulations state "A head of government agency shall with the approval of the Minister issue an accounting manual to suit the operations and regulate the financial matters of the Government agency, indicating:

A. the duties to be performed by specified officers,

B. the accounts to be kept and returns to be submitted, and

C. such other instructions as may be required for the proper conduct of the financial matters of the Government agency.

1.9.1.2.2 (2) The accounting manual shall contain relevant procedures for the keeping of accounts, preparation and format of financial statements, Government agency chart of accounts, and all administrative issues relating to the keeping and preparation of government accounts.

1.9.1.2.3 (3) The accounting manual under sub-regulation (2) shall conform to any enactment, or any particular directions concerning accounts issued by the Minister.

1.9.1.2.4 Contrary to these provisions, our review has shown that for the period under audit, the management of the MPEA did not maintain the following financial and accounting documents:

- Policies on the roles and responsibilities of Account officers
- Accounting Manual

Risk

1.9.1.2.5 The non-maintenance of the Accounting Manual and Policy constitutes a violation of the Public Finance Management (PFM) Regulation of 2009 as mentioned above.

1.9.1.2.6 The absence of Accounting Manual and Policy could undermine the attainment of the strategic objective of Ministry of Planning and Economic Affairs. This could also lead to the non-disclosure of important accounting and financial information.

Recommendation

- 1.9.1.2.7 The Minister of Planning and Economic Affairs, Deputy for Administration, and Comptrollers should provide substantive justification for the non-maintenance of Accounting Manual and Policy, as required under Regulation A.5(1-3), PFM Regulations.
- 1.9.1.2.8 The Comptroller must ensure that henceforth, adequate books of account are maintained by the institution's Finance Department, as required under Regulation A5 (1-3), PFM Regulations.

Management's Response

- 1.9.1.2.9 *A.4 of the PFM regulations state that "the Comptroller General , under the supervision of the Minister shall issue a treasury and accounting instructions in line with the IPSAS and in consultation with the Auditor-General which shall provide the basis of , policies , classification systems, chart of account and reporting format to be used in accounting for public funds. "It further states that all other treasury and accounting instructions and manual shall derive from the treasury and accounting instructions issued by the minister.*
- 1.9.1.2.10 *In view of the above, the management of MPEA as entity that operated under the laws of the Republic of Liberia could not have formulated its own accounting manual when there are already provisions in the PFM Act of 2009 that set the standards for financial management and reporting of ministries and agencies of government.*
- 1.9.1.2.11 *Regarding the role and responsibilities of accounting officers, the management would like to inform you that staffers of the MPEA's Budget and Finance Unit were evaluated and vetted by the Civil Service Agency (CSA) which is responsible to ensure that vacancies in the classified civil service are filled by officers who are properly qualified.*
- 1.9.1.2.12 *During the recruitment process, the CSA processed these employees consistent with their duties and responsibilities before they were placed on the Electronic Data Process (EDP) payroll.*

Auditor General Positions

- 1.9.1.2.13 A.5. (1-3) requires all government agencies with approval of the Minister to issue accounting manual to suit the operations and regulate the financial matters of the government agency. Therefore, we maintain our position.

1.9.2 **Operational Issues**

1.9.2.1 **Unretired Travel Advances**

Observation

1.9.2.1.1 Section 24 of the Travel Ordinance of 2010 (Policy on Per Diem Allowances for travel abroad by Officials and Employees of the Government of Liberia) requires that officials who undertake foreign assignments retire their travel advances by completing and submitting Travel Disbursement Forms 21 days after their return.

1.9.2.1.2 Also section 25 states that "No future travel advances shall be paid to anyone who has failed to submit the prescribed Travel Disbursement Form, for any previous journey. The entire travel advance will be recovered from those who fail to submit the Travel Disbursement form on return from their arrears due to them, from the government.

1.9.2.1.3 Contrary to the above provisions, from the review of documents on foreign travels, it was noted that the Management of MPEA unretired travel expenses amounted to US\$22,996.00. **See Annexure 1.**

1.9.2.1.4 There was no evidence that the officials upon their returned from oversea trips submitted to Ministry of Finance, Travel Disbursement and Settlement forms as required by the GOL's Travel Ordinance of 2012/2013.

Risk

1.9.2.1.5 Unretired travel advance may result in an inappropriate use of the travel advance; and failure to maintain travel advance report may render poor accountability over travel advance as there would be no audit trail.

1.9.2.1.6 The non-retirement of travel costs could mean that the travel was not made; thereby bringing to question the propriety of travels undertaken by the Ministry.

Recommendation

1.9.2.1.7 The Minister of Planning and Economic Affairs should ensure that all staff who undertake foreign assignments complete and submit Travel Disbursement Forms within one week after their return to account for the cost of their trips.

Management's Response

1.9.2.1.8 *The Management acknowledges the GAC recommendation, and will be implemented in the Ministry of Finance and Development Planning (MFDP).*

Auditor General's Position

1.9.2.1.9 We acknowledge management's acceptance of our recommendation and look forward to its full implementation. The Management's acceptance would be

validated during the subsequent audit.

1.9.3 **Internal Control Issues**

1.9.3.1 **Non-Existence of Standardize Fixed Asset Register**

Observation

1.9.3.1.1 Regulation V.1, PFM Regulations, states that the procurement, custody, disposal and management shall be governed by the General Services Agency Act, 1966. Subject to this sub regulation, the Head of a Government Agency shall be responsible for sub regulation (2) and (3) below and Regulations V.2 to V.5 below. The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that preventive mechanisms are in place to eliminate theft, losses, wastage and misuse; and inventory levels are at an optimum and economical level. The Head of Government Agency must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the assets assigned to the institution.

1.9.3.1.2 From review of documents submitted, it was revealed that the Fixed Asset Register submitted by the Management lacked basic information to determine actual ownership of the asset listed.

1.9.3.1.3 We observed that the fixed assets were not coded, acquisition costs not displayed, purchase date and other pertinent information were not included on the register. Additionally, there was no evidence that the asset register was reconciled monthly to the MPEA general ledger.

Risk

1.9.3.1.4 The lack of adequate tracking system will provide opportunity for unscrupulous individuals to convert MPEA's assets to their personal use.

1.9.3.1.5 In the absence of the Standardized Fixed Assets Register, the compilation of accurate assets schedule for financial reporting and management information purposes may not be achieved.

Recommendation

1.9.3.1.6 Management team should construct a standardized and comprehensive Fixed Asset Register and conduct physical count in order to track assets owned by the MPEA.

Management's Response

1.9.3.1.7 *The management acknowledges the non-existence of standardize Fixed Assets Register at the MPEA. Hence, it will adhere to the GAC's recommendation as it*

relates to the formulation of a comprehensive and standardize Fixed Assets Register.

Auditor General's Position

- 1.9.3.1.8 We acknowledge management's acceptance of our recommendation and look forward to its full implementation. The Management's acceptance would be validated during the subsequent audit.

1.9.3.2 Ineffective Internal Audit Function

Observation

- 1.9.3.2.1 It is a requirement under Section J.3 of the Public Financial Management (PFM) Regulations that "there shall be established in each government agency or institution an Internal Audit Unit which shall constitute a part of that institution.

- 1.9.3.2.2 In the case of the MPEA, there was no evidence of a functional Internal Audit Unit despite the presence of an Internal Auditor, employed by the Ministry of Planning and Economic Affairs. Moreover, the unit, as observed was without staffers and a defined term of reference thereby resulting to its ineffectiveness as there was no evidence of work done by it for the period under audit.

Risk

- 1.9.3.2.3 The absence of a functional internal audit unit at the MPEA could risk financial management processes initiated by government and overall general and financial controls, governance processes as indicated in the Act that created the Ministry of Planning and Economic Affairs and laws and regulation that governs the day to day activities of the entity.

Recommendation

- 1.9.3.2.4 The Minister of Planning of Economic Affairs, Deputy Minister for Administration should provide material justification for not maintaining a functional internal audit at the MPEA.

Management's Response

- 1.9.3.2.5 *The MPEA was at the verge of formulating a fully -staffed Internal Audit Unit when the issue of establishing a new agency – Ministry of Finance and Development Planning – that merged Finance and Planning and created a semi-autonomous Liberia Revenue Authority supervened.*
- 1.9.3.2.6 *The issue of the transition led to an unprecedented reduction in the Ministry's budgetary allocation for two fiscal period. The cuts in the MPEA's budget coupled with the pronouncement of its merger with the MOF forced the management to abandon the process.*

1.9.3.2.7 *Notwithstanding, the MPEA was able to hire the services of an Internal Auditor who was diligent and quite efficient in the performance of his assigned duties.*

1.9.3.2.8 *Besides his basic functions of ensuring the reliability of the entity's financial statements, safe guarding the management asset and detecting fraud, he was also involved with the pre-audit of transactions undertaken by the MPEA.*

1.9.3.2.9 *The essence of the pre-audit was to ensure that management was in full compliance with PPC Act regarding the procurement of goods, services and works.*

Auditor General's Position

1.9.3.2.10 The internal audit unit at MPEA did not perform the functions of internal auditing as required by Institute of Internal Auditing Standards. Furthermore, the internal audit unit lacked the basic structure to assure its independence as defined by the IIA. Therefore, we maintain our position.

1.9.3.3 Non-Existence of Storeroom Procedures

Observation

1.9.3.3.1 A.3. (1) of the PFM Regulation requires 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 them, by the Minister.

1.9.3.3.2 Also, accountability in the normal course of public business should be satisfied when supplies have been used up and consumed, with records showing how and for what purposes they have been used. To achieve this, the following basic store records are required to be maintained:

- Store ledger
- Store receipt voucher
- Goods Receipt note
- Store Requisition
- Store Issuance ledger
- Tally or stock Cards

1.9.3.3.3 For the period under audit, there was no evidence that the Management maintained records for goods procured for the entity. There were no transactional documents such as store receipt vouchers; goods receipt note, a complete store issuance ledger and tally or stock cards.

1.9.3.3.4 We also noted that receipts and delivery of supplies were not entered in store receipt vouchers and stock cards.

1.9.3.3.5 The only record available that indicated the receipt of goods from the store room was a ledger maintained by the store keeper in which recipients of items signed against a list of items received.

Risk

1.9.3.3.6 In the absence of these basic store records, it would be difficult to track receipts and disbursement of supplies. It would also be difficult to ensure that the supplies were utilized for the intended purposes.

Recommendation

1.9.3.3.7 To enhance storeroom management, the following should be put in place:

- Introduction of the use of basic store records at the MPEA.
- Initiation of capacity building on basic store keeping on supplies and stores; and
- Payment process for orders should only begin from the receipt of the original copy of Store Receipt Voucher (SRV) and Goods Receipt Note (GRN) from the storekeeper endorsing the SRV/GRN as evidence that orders have been received and recorded on store ledger.

Management's Response

1.9.3.3.8 *The MPEA maintains basic records for the receipt and supply of storeroom materials.*

Auditor General Position

1.9.3.3.9 Documents submitted by the management of the MPEA were the same documents submitted during the execution of the audit. Those documents do not provide evidence of the design and operating effectiveness of the controls mitigating the identified risks. Therefore, we maintain our position.

1.9.3.4 Non-existence of Audit Committee

Observation

1.9.3.4.1 Regulation K10 of the PFM Regulation states "Establishment of Audit Committee – A Head of government agency or government organization shall in consultation with the Internal Audit Agency establish and maintain an Audit Committee for the government agency or organization for which he/she is responsible.

1.9.3.4.2 According to COSO's Internal control frame work, the Audit Committee of the Board of Directors provides an effective, objective oversight of the accounting of

the organization and sets an ethical tone at the top. Further, Audit Committees have increased oversight responsibilities for such issues as internal controls of the organization and monitoring the activities of internal and external auditors. The Audit Committee establishes procedures for the receipt, retention, and treatment of any complaint regarding accounting, internal control related to accounting, or auditing.

- 1.9.3.4.3 During the review of MPEA control environment, we observed that the MPEA did not establish an Audit Committee for the period under review to serve as a functional reporting line for the Chief Internal Auditor, which could allow the Minister of Planning and Economic Affairs to be fully briefed on accounting and control issues affecting the organization's structures and also contribute to the improvement of risk management processes within the entity.

Risk

- 1.9.3.4.4 The non-existence of audit committee at the Planning and Economic Affairs could cause management not to mitigate risk on a timely basis which could threaten the organization's governance structure and the achievement of its objectives.

Recommendation

- 1.9.3.4.5 The Minister of MPEA and Deputy for Administration should provide substantive justification for not establishing an Audit Committee to independently validate the function of the internal Audit.

Management's Response

- 1.9.3.4.6 *We acknowledge the non-existence of an Audit Committee at the MPEA and that recommendation appertaining thereto will be fully adhered to and implemented at the MFDP*

Auditor General's Position

- 1.9.3.4.7 We acknowledge management's acceptance of our recommendation and look forward to its full implementation. The Management's acceptance would be validated during subsequent audit.

1.9.3.5 Failure to Perform Risk Assessment Process

- 1.9.3.5.1 Section 1, A.15 (1) of the PFM Regulation states "Unauthorized, Irregular, Fruitless and Wasteful Expenditure (1) The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks.

- 1.9.3.5.2 However, during the course of the audit, there was no evidence that Management of the MPEA conducted a risk assessment for the period. There was also no evidence that the management maintain a Risk Assessment Policy and Procedure

Manual.

Risk

1.9.3.5.3 The absence of a Risk Management Process could make the entity susceptible to technological, human resource and financial control risks.

Recommendation

1.9.3.5.4 The Minister of Planning and Economic Affairs and Deputy Minister for Administration should provide substantive justification why the MPEA did not formulate a Risk Management Policy to mitigate risk.
Additionally, risk assessment procedures should be performed to identify and manage risk that might have adverse impact on the operations of the ministry.

Management Response

1.9.3.5.5 *We acknowledge the non-performance of Risk Assessment process as such the management will implement the recommendation appertaining thereto.*

Auditor General's Position

1.9.3.5.6 We acknowledge management's acceptance of our recommendation and look forward to its full implementation. The Management's acceptance would be validated during the subsequent audit.

2 ACKNOWLEDGEMENT

- 2.1 We acknowledge the cooperation and assistance provided to the GAC's engagement team by the MPEA during the audit of the Ministry. The efforts and commitment of the GAC audit engagement team in conducting the audit and reporting thereon are also graciously acknowledged.


Yusador S. Gaye CPA, CGMA
Auditor General

Monrovia, Liberia
April, 2016

ANNEXURE

Annexure 1: Schedule of foreign Travel without Retirement

Date	Voucher No.	Payee	Transaction	AMT. (US)
MAY 23, 2013	00213-	HON. MARCUS S.G. DAHN	Payment for per diem and air ticket for Hon. Dahn Deputy Minister for administration will be travelling to Lagos, Nigeria to participate in the West African investment forum from June 4, 2013	3,586.00
January 04, 2013	100-100-	Marcus Dahnet la	payment for incidental allowance to Hon. Marcus Dahn, DMA and Mr. Leonardo S. Wilson , Accountant of the Ministry of Planning for MRU Finance and Admin. Meeting in free Town, SL from January 7-10, 2013	700.00
18-Feb-13	000137-	Hon. Marcus S.G. Dahn et al	Payment for foreign means of travel and per diem for Hon. Marcus Dahn& Mr. Baysah Acquoi Deputy Minister & Economics in New York, USA from February 24 to March 3, 2013	18,710.00
Total				22,996.00