Management Letter

On the Financial Statements Audit of the Liberia Petroleum Refining Company (LPRC)

For the Fiscal Years July 1, 2017, to June 30, 2021

Promoting Accountability of Public Resources

P. Garswa Jackson FCCA, CFIP, CFC
Auditor General, R. L.

Monrovia, Liberia
August 2024

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Acronyms

	Meaning
AG	Auditor General
ASU	Accounting Service Unit
CBL	Central Bank of Liberia
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organization of the Treadway Commission
CPA	Certified Public Accountant
DMD/ADM	Deputy Managing Director Administration
DMD/O	Deputy Managing Director Operations
FY	Fiscal Year
GAC	General Auditing Commission
GoL	Government of Liberia
HR	Human Resource
HRM	Human Resources Manager
IAD	Internal Audit Department
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standard
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
LD	Liberian Dollars
LPRC	Liberia Petroleum Refining Company
LRA	Liberia Revenue Authority
MD	Managing Director
PFM Act	Public Financial Management Act of 2009
PFM Regulations	Public Financial Management Regulations of 2009
PPCA	Public Procurement & Concessions Act
PPCC	Public Procurement & Concessions Commission
PYP	President Young Profession
SSC	Social Security Contributions
USD	United States Dollars

Hon. Amos Tweh
Managing Director
Liberia Petroleum Refining Company (LPRC)
P.O. Box 10-0090, Bushrod Island
Montserrado County, Liberia

August 29, 2024

Dear Hon. Tweh:

Re: Management Letter on the Financial Statements Audit of the Liberia Petroleum Refining Company (LPRC) for the fiscal Years July 1, 2017 to June 30, 2021.

The Financial Statements of the Liberia Petroleum Refining Company (LPRC) for the fiscal years July 1, 2017, to June 30, 2021, are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014 and the Audit Engagement Term of Reference.

INTRODUCTION
The audit of the Liberia Petroleum Refining Company (LPRC) financial statements for the fiscal years July 1, 2017, to June 30, 2021, has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of 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 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.

An audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations that 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 LPRC Management. Our responsibility is to express our opinion on these financial statements for the fiscal years July 1, 2017 to June 30, 2021.

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

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the LPRC Management and staff during the audit. The audit findings which were identified during the conduct of the audit are included below:

P. Garswa Jackson. Sr., FCCA, CFIP, CFC
Auditor General, R.L

Monrovia, Liberia
August 2024

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Trial Balance Figures Not Reconciled to Financial Statements Figures for the Fiscal Year July 1, 2017, to June 30, 2018.

Criteria

1.1.1.1 Section 36(1) of the PFM Act of 2009 as amended and restated in 2019 required that it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister".

Observation

1.1.1.2 During the audit, we observed a total variance of US$509,526.97 between the figures reported in the financial statements and figures recorded in the trial balance for the fiscal year ended June 30, 2018. **See Table 1 below for details.**

Table 1: Trial Balance Figures Not Reconciled to Financial Statements Figures for the Fiscal Year July 1, 2017 to June 30, 2018

#	Account Title	Amount Per Trial Balance (A) US$	Amount Per Financial statements (B) US$	Variance (C)=A-B US$
1	Accumulated Depreciation	7,918,243.22	7,429,741.00	488,502.22
2	Depreciation Expenses	417,342.28	409,638.00	7,704.28
4	Withholding taxes payable	271,959.47	272,139.00	-179.53
5	Land	337,869.00	324,369.00	13,500.00
	Total	**8,945,413.97**	**8,435,887.00**	**509,526.97**

Risk

1.1.1.3 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.

1.1.1.4 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.1.1.5 Management may not account for all its transactions.

Recommendation

1.1.1.6 Management should fully account for the variances observed between the trial balance and the financial statements.

1.1.1.7 Management should adjust the financial statements to the variances observed between the trial balance and the financial statements.

1.1.1.8 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance, and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

1.1.1.9 *The variances identified stem from adjustments made during the financial statement preparation process and account classification differences. Allow me to provide explanations for the notable variances:*

1.1.1.10 *1. Accumulated Depreciation variance of $488,502.22. The trial balance amount of $7,918,243.22 includes $119,487.85 for Accumulated Depreciation - Software, which is separately presented as Accumulated Amortization on the financial statements (Note 14 - Intangible assets).*

1.1.1.11 *The remaining $369,014 variance results from adjustments made during the financial statement close process. The details of these adjustments are outlined in Appendix 1 (Adjustment Nos. 1 - 5).*

2. Depreciation variance of $7,704.28. The trial balance amount of $417,342.28 incorporates $7,377 for software amortization, which is separately reported as Accumulated Amortization on the financial statements (Note 14 - Intangible assets).

3. Withholding taxes payable variance of $179.53. A $180 credit adjustment was made to the trial balance amount of $271,959.47 during the financial statement close process. Refer to Appendix 1 (Adjustment No. 8). This adjustment corrected withholding taxes incorrectly credited to Construction-in-Progress.

#4. The land variance of $13,500.00. Credit adjustments totaling $13,500 were made to the trial balance amount of $337,869.00 during the financial statement close. See Appendix 1 (Adjustment Nos. 6 & 7). These adjustments reclassified the Owner's Engineer Fees ($10,000) and container costs ($3,500) incorrectly debited to the Land account.

Auditor's General Position

1.1.1.12 Management's assertion does not address the issue raised. The trial balance should be reflective of the closing balances and class of transactions of all the general ledger accounts and should be seamlessly reconciled to the general ledger and the financial statements. Tracing the trial balance accounts to the financial statements was not feasible because the account titles recorded in the trial balance were not consistent with the account titles recorded in the financial statements. Management recorded the account title 'Accumulated Depreciation- Software in its trial balance; whereas the financial statements show the account title 'Accumulated Amortization- Software for the same intangible asset.

1.1.1.13 The account title; accumulated depreciation-software is not the same as accumulated amortization-software for intangible assets. The primary distinction between the two is that amortization is used for intangible assets while depreciation is utilized for tangible assets.

1.1.1.14 Additionally, Management combined and recorded both depreciation expenses and amortization expenses in a single expense account titled 'Depreciation Expenses' for both the tangible and intangible assets in the trial balance. The two expenses were not distinctly reported.

1.1.1.15 Further, there was no evidence of both fixed assets and amortization schedules to show the depreciation expense, amortization expense, accumulated depreciation, accumulated amortization, and book value of each asset.

1.1.1.16 Relative to the accounting adjustment, Management's assertions are not supported by adequate documentation. For instance:

- Copy of Management-approved adjusting entries posted to the applicable accounts indicating the debit, credit, and detail narrative of the adjustment.

- Copy of adjusted trial balance after the accounting adjustments

- Copy of journal vouchers detailing original entries that were incorrectly credited to construction in progress and incorrectly debited to the land account.

1.1.1.17 A sample exhibit of accounting entries is not a substitute for management-approved adjusting entries purportedly posted to the applicable accounts. Furthermore, Management's provision of documents after our review does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner.

1.1.1.18 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.2 Unremitted Fuel Levy Fees to GoL Road Fund

Criteria

1.1.2.1 Section 5.3 of the National Road Fund Act of 2016 required that a road user charging System shall be established which shall raise funds for the Road Fund. Sources of the road use charges, authorized through the act, include:

- Charges on motor vehicles traveling within the road network of the Republic of Liberia, whether foreign or national, based upon the vehicle's mass, length, width, height, loading, number of axles, distance covered, or a combination of all the factors mentioned herein.

- Entry fees levied on all foreign motor vehicles entering the territory of the Republic of Liberia.

- Registration and license fees of motor vehicles and drivers.

- A levy on every gallon of petroleum product imported into the country

- The Inter-Ministerial Steering Committee shall, subject to the approval of the National Legislature, determine levels and sources of road user charges with the objectives of raising sufficient funds to provide for the objectives set out in section 2.3 of the Road Fund Act.

Observation

1.1.2.2 During the audit, we observed that Management reported an amount of US$8,241,085 as the opening balance for the National Road Fund Payable as at July 1, 2017.

1.1.2.3 Further, an additional amount of US$2,315,083 was collected by Management from fuel levy fees during the fiscal year 2017/2018 in favor of GoL Road Fund, totaling US$10,556,168. The fund was intended to be used by the NRF for routine and periodic maintenance of roads, bridges, and associated facilities.

1.1.2.4 However, of the total amount collected, Management remitted US$3,700,000 to the Consolidated Account, thus resulting in an unremitted amount of US$6,856,168. Additionally, as at June 30, 2019, Management wrote off the unremitted amount without evidence of disclosure narratives and adequate supporting documents for the write-off. **See Tables 2A and 2B below for details:**

Table 2A: Unremitted Fuel Levy Fees to GoL Road Fund

Fiscal Year	Opening balance As at July 1, 2017 US$ (A)	Amount Collected per LPRC Financial Statements during the fiscal year 2017/2018 US$ (B)	Total collection US$ (C)	Amount Remitted during the fiscal period US$ (D)	Unremitted Variance As at June 30, 2018, US$ E = (C - D)
2017 / 2018	8,241,085	2,315,083	10,556,168	3,700,000	6,856,168
Total	**8,241,085**	**2,315,083**	**10,556,168**	**3,700,000**	**6,856,168**

Table 2B: Write off of GOL Road Fund Payable Obtained from Fuel Levy Fees

Fiscal Year	Opening balance As at July 1, 2018 US$	Amount Collected per LPRC Financial Statements during the fiscal year US$	Total amount US$	Amount Remitted during the fiscal period US$	Write off of GoL Road Fund Payable	Balance US$
2018 / 2019	6,856,168	-	6,856,168	-	(6,856,168)	-

Risk

1.1.2.5 Failure to fully remit to the National Road Fund collections made from fuel levy fees may lead to misappropriation of public funds and may impair the achievement of the fund objectives.

1.1.2.6 Unsupported/ unjustifiable write-off of liabilities may facilitate fraudulent financial reporting, misappropriation and mislead the users of the financial statements.

Recommendation

1.1.2.7 Management should fully account for the unremitted amount of US$6,856,168 collected from fuel levy fees in favor of the GoL Road Fund intended for road works.

1.1.2.8 Additionally, Management should provide justifications backed by adequate supporting documentation to substantiate the legitimacy of the write-off of the unremitted fuel levy fees.

Management's Response

1.1.2.9 *It is essential to emphasize that the GoL Road Fund amounts were accruals, meaning that when importers brought in their products, LPRC issued invoices for storage fees, which included the road fund portion. An accrual was then made to recognize the portion of the invoice related to the road fund. On a periodic basis, usually monthly, after collections from the importers based on the products lifted, the road fund portion of the amount collected was remitted to the Government of Liberia through the General Revenue Account.*

1.1.2.10 *In December 2016, LPRC ceased to collect the road fund following the establishment of the National Road Fund (NRF) by an act of the National Legislature. The Auditor General's Report on the Compliance Audit of the Revenue Sharing Agreement on Storage Fees Charged on Petroleum Products, issued in July 2018, raised the issue of outstanding road funds in Count 1.1.1 Invoices to Petroleum Importers. The report noted that LPRC issued invoices amounting to US$69,832,310, of which 50% (US$34,916,155) was to be remitted by LPRC as road fund during the period January 1, 2016, to June 30, 2017. The Auditor General found that LPRC remitted a total of US$28,227,817.97 during the period from January 1, 2016, to June 30, 2017, resulting in an unremitted road fund balance of US$6,688,227.03 as of June 30, 2017. Subsequently, LPRC provided evidence to the Auditor General that an additional US$3,700,000 was remitted between July 1, 2017, and December 31, 2017, reducing the unremitted road fund balance to US$2,988,337.03 as of December 31, 2017.*

1.1.2.11 *It is crucial to note that as of December 2016, the responsibility to collect road funds was transferred from LPRC to the Liberia Revenue Authority (LRA) due to the establishment of the NRF. This transfer of responsibility was acknowledged by the Auditor General's Position in the July 2018 Report. Consequently, LPRC ceased to collect road funds, whether current or arrears, due to a court order.*

1.1.2.12 *Given these facts, it was no longer necessary for LPRC to carry a liability for road funds on its books. Therefore, the outstanding balance, which was even overstated on LPRC's books, had to be written off.*

1.1.2.13 *Furthermore, as mentioned in Count 1.1.9 Unremitted Payment to LPRC for the Rehabilitation of Petroleum Storage Terminal of this Draft Management Letter, the Government of Liberia, through the National Road Fund, currently owes LPRC US$1,391,946.07. This amount was confirmed by the then National Road Fund Manager, Boniface D. Satu, in a communication to LPRC referenced BDS-M/NRF-RL/157/2021 dated June 24, 2021. To date, neither the NRF nor the Government of Liberia has remitted any money against this outstanding balance. However, LPRC claims that she is owed US$4 million.*

1.1.2.14 *LPRC remains committed to transparency and accountability. We believe that the information provided clarifies the accounting treatment of the road fund and the rationale behind the write-off of the outstanding balance. We also urge the Government of Liberia to settle its outstanding debt to LPRC.*

Auditor's General Position

1.1.2.15 We acknowledge Management's assertions. However, Management did not provide a comprehensive reconciliation report detailing the offsetting of LPRC's liabilities and receivables to and from the NRF, respectively. Management did not also provide evidence of authorization of the write-off of liabilities to NRF due to the purported offsetting entries as asserted in Management's response.

1.1.2.16 Further, we performed reconciliation between the offsetting entries detailing LPRC's liabilities and receivables to and from the NRF and observed that LPRC is due to the NRF net liabilities amounting to US$1,596,280.96. **See Table 2C below for an analysis of our reconciliation.**

Table 2C: Reconciliation of LPRC's Outstanding Liabilities to NRF

No.	Description	Amount US$
1	Unremitted Fuel Levy as June 30, 2017	*6,688,227.03*
2	Less: Subsequent remittance of Unremitted Fuel Levy confirmed by GAC	(3,700,000.00)
3	Less: NRF liabilities to LPRC for *Rehabilitation of Petroleum Storage Terminal*	*(1,391,946.07)*
4	**Outstanding Liabilities to NRF**	**1,596,280.96**

1.1.2.17 Therefore, we maintain our recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.2.18 Going forward, Management should develop, approved and operationalize a policy comprehensively documenting the criteria for write-offs of receivables and liabilities. As part of the policy, Management should include the passage of board resolution on all write-offs of receivables and liabilities after exhausting the criteria catalogued in the policy.

1.1.3 Losses from Missing Products and Disposal of Assets without Supporting Documents

Criteria

1.1.3.1 Regulations U.6 of the PFM Act of 2009 as amended and restated 2019, required that each Government Agency shall maintain adequate records of inventories assigned to it. The General Services Agency and or the Public Procurement and Concession Commission may give instructions governing the acquisition, receipt, custody, control, issue, and disposal of the inventories.

1.1.3.2 Additionally, Regulations A.3 (1) of the PFM Act of 2009 as amended and restated 2019 required 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 money, 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 or the relevant internal auditor.

Observation

1.1.3.3 During the audit, we observed that Management reported the total amount of US$19,531,927 in its financial statements as losses on disposal of fixed assets, other miscellaneous losses, and loss from missing products (write-off) for the fiscal years 2017/ 2018, 2019/2020 and 2020/2021.

1.1.3.4 However, Management provided no evidence of supporting documents to substantiate the legitimacy of the losses. **See Table 3 below for details.**

Table 3: Transactions without Adequate Supporting Documents

#	Fiscal Years Ended	Descriptions	Amount US$
1.	June 30, 2018	Loss on disposal of fixed assets	43,453.00
2.	June 30, 2018	Other miscellaneous losses	193,071.00
3.	June 30, 2020	Loss from missing products (write-off)	661,796.00
4.	June 30, 2021	Loss from missing products (write-off)	18,633,607.00
Total			**19,531,927.00**

Risk

1.1.3.5 In the absence of supporting documents, the validity, occurrence, and accuracy of disposal and losses may not be assured. This may lead to misappropriation of the entity's assets.

1.1.3.6 The absence of supporting documents for transactions may also lead to Fraudulent financial management practices, through the processing of illegitimate transactions.

1.1.3.7 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.3.8 Management should fully account for the US$19,531,927 reported in its financial statements as losses on disposal of fixed assets, miscellaneous losses, and loss from missing products.

1.1.3.9 Management should provide the supporting documents for the transactions indicated above to substantiate the validity of the transactions. For the losses on missing products, Management should provide a comprehensive report on the initial inventories balance, total products imported, approved margin for losses due to evaporations, total quantities lifted/issued to the importers, the actual product missing, and investigation reports for the missing products. For the loss on disposal, Management should provide a comprehensive report on the details of total assets disposed including the purchased costs, the netbook value of the assets as at the time of disposal, the value of the sales of fixed assets, the value of losses on disposal per assets, evidence of deposits of proceeds from the sales of the assets, and justification for sales of assets below the net book values.

1.1.3.10 Going forward, Management should ensure that all transactions are supported with the requisite supporting documents consistent with the financial management regulations and the nature of the transactions. All relevant supporting records should be adequately documented and filed to facilitate future review.

1.1.3.11 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant sources and supporting documents are scanned, attached to the transactions (in the accounting software for financial transactions), archived, and maintained to facilitate future review.

Management's Response

1.1.3.12 *Please note the write-offs do not only pertain to missing products. Some of the losses reported relate to demurrage claims from importers and other claims.*

1.1.3.13 *The reported losses as at June 30, 2020, relate to invoices issued mostly for license fees, for which the applicant did not operate. As these amounts kept our uncollectible at a higher balance, we had to write them off through the system. The detail of the write-off is attached in Appendix 2.*

1.1.3.14 *The supporting documents for issue number 4 are available. Refer to Appendix 3 for the details.*

Auditor's General Position

1.1.3.15 Management did not respond to losses on disposal of fixed assets in the amount of US$43,453 and miscellaneous losses in the amount of US$193,071.00 reported in table three (3). In the absence of a response by Management, we maintain our findings and recommendations.

1.1.3.16 Additionally, Management assertions are not supported by adequate documentation for the missing products in the amount of US$661,796.00. An exhibit of transactions listing is not a substitute for a comprehensive report on the initial inventories balance, total products imported, approved margin for losses, total quantities lifted/issued to importers, actual product missing, and investigation reports for the missing products.

1.1.3.17 Further, we reviewed the documents submitted by Management for missing products in the amount of US$18,633,607 after our audit execution. Therefore, we have adjusted the transactions without supporting documents to (US$18,633,607 – US$18,617,949.51) US$15,657.49 to be accounted for by Management. However, Management's provision of documents after our review does not guarantee Management effective control of expenditure liquidation and document management. Therefore, we maintain our recommendations.

1.1.3.18 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner.

1.1.4 Non-Submission of Account Receivables Schedules for the Fiscal Year Ended June 30, 2018

Criteria

1.1.4.1 PFM Regulations O.1(Paragraph 3) of the PFM Act of 2009 required that the head of government agency shall ensure that all persons liable to pay revenue are informed of bills, demand notes, and other appropriate notices, of debts that are due, and that adequate measures are taken to obtain payment.

1.1.4.2 Furthermore, Regulations O.21 (Paragraph 1-3) of the PFM Act of 2009 required that Government Agency revenue collectors shall keep records of money collected in such form as the Comptroller-General may determine and for such periods consistent with the provisions of Regulation 12. The records shall show the persons from whom revenue is due, a description of liability, the amount payable, the date, location, receipt number, and amount of the collections made. The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly.

1.1.4.3 Additionally, Regulation M. 3 (C) of the PFM Act of 2009 states "The funds of a State-Owned-Enterprise shall include monies accruing to the enterprise in the exercise and performance of its functions".

Observation

1.1.4.4 During the audit, we observe no evidence of Account Receivable schedules for the fiscal year 2017/2018, despite requests through communications and follow-up with Management.

1.1.4.5 As a result, we could not establish assurance over the completeness, occurrence, and accuracy of US$18,630,226 reported in the entity's financial statements as net Account Receivables for the fiscal year 2017/2018.

Risk

1.1.4.6 The completeness, occurrence, and accuracy of account receivables trade may not be assured; therefore, the financial statements may be misstated.

1.1.4.7 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.1.4.8 Account receivables trade and revenue may not be reliably measured.

Recommendation

1.1.4.9 Management should account for Account Receivables, totaling US$18,630,226 net by providing a details schedule of account receivables, and subsidiary schedules of each customer account for the fiscal year 2017/2018.

1.1.4.10 Management should develop, approve, and operationalize the receivables management policy to regulate the recognition, collection, adjustment, and management of Accounts Receivables. The policy should include a specified period for follow-up on debt collection and clearly defined actions to be undertaken at each specified period. The policy should also include provisions for adjustment and write-off of Accounts Receivables consistent with IFRS. Revenue/Receivable should be recognized upon the completion of service and the subsequent issuance of invoice.

1.1.4.11 Management should establish a receivable aging analysis to monitor the age of receivables and implement the specified actions to be taken based on the age of the debt consistent with the receivables management policy. The schedule should contain the following: names of the receivables, address of the receivables, contacts of receivables, date of recognition, initial invoice, payments, additional invoices, current receivables balance, and age grouping.

1.1.4.12 Management should adjust the financial statements to include in the notes a current expected loss model and an Accounts Receivable Aging Analysis. Management should ensure that current expected credit loss analyses and the Accounts Receivable Aging Analysis are included in the notes to the financial statements. These analyses will enable Stakeholders/Users of the financial statements to ascertain the 'trend' relating to collectability, and correct net realizable value of the trade receivables in the statement of financial position.

1.1.4.13 Going forward, Management should perform periodic reconciliation among the accounts receivable ledgers, subsidiary schedules of each customer account, customers' statements, receivable confirmation, and the receivable aging analysis schedule. Variances identified should be investigated and adjusted where applicable in a timely manner. Periodic reconciliation on account receivables should be adequately documented and filed to facilitate future review.

1.1.4.14 Management should periodically analyze account receivables to identify slow-moving and or impaired receivables and adjust consistent with policy.

Management's Response

1.1.4.15 *The old accounting software (Sage) that was being used crashed in 2019, unfortunately, the requested account receivables schedules had not been downloaded. The crashed software could not be recovered by our MIS Department and expert assistance was sought. Also, there were no available backup copies whether on-site or off-site.*

1.1.4.16 *However, subsequent period schedules were made available to the GAC Audit Team as requested. We have put in place measures to prevent future loss occurrences.*

Auditor's General Position

1.1.4.17 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.4.18 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.5 Non-Submission of Account Payable Schedules for the Fiscal Year 2017/2018

Criteria

1.1.5.1 PFM Regulations O.1(Paragraph 3) of the PFM Act of 2009 required that the head of government agency shall ensure that all persons liable to pay revenue are informed of bills, demand notes, and other appropriate notices, of debts that are due, and that adequate measures are taken to obtain payment.

1.1.5.2 Furthermore, Regulations O.21 (Paragraph 1-3) of the PFM Act of 2009 required that Government Agency revenue collectors shall keep records of money collected in such form as the Comptroller-General may determine and for such periods consistent with the provisions of Regulation 12. The records shall show the persons from whom revenue is due, a description of liability, the amount payable, the date, location, receipt number, and amount of the collections made. The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly.

1.1.5.3 Additionally, Regulation M. 3 (C) of the PFM Act of 2009 states "The funds of a State-Owned-Enterprise shall include monies accruing to the enterprise in the exercise and performance of its functions".

Observation

1.1.5.4 During the audit, we observe no evidence of account payable schedules for the fiscal year 2017/2018, despite requests through communications and follow-up with Management.

1.1.5.5 As a result, we could not establish assurance over the completeness, occurrence, and accuracy of US$2,481,857 reported in the entity's financial statements as an account payable trade for the fiscal year 2017/2018.

Risk

1.1.5.6 The completeness, occurrence, and accuracy of accounts payable may not be assured; therefore, the financial statements may be misstated.

1.1.5.7 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.1.5.8 Account payable trade may not be reliably measured.

Recommendation

1.1.5.9 Management should account for accounts payable trade, totaling US$2,481,857 by providing a details schedule of accounts payable, and subsidiary schedules of each creditor account for the fiscal year 2017/2018.

1.1.5.10 Going forward, Management should perform periodic reconciliation among the accounts payable ledgers, subsidiary schedules of each creditor account, creditor statements, and the payable aging analysis schedule. Variances identified should be investigated and adjusted where applicable in a timely manner. Periodic reconciliation on account payables trade should be adequately documented and filed to facilitate future review.

Management's Response

1.1.5.11 *The old accounting software (Sage) that was being used crashed in 2019, unfortunately, the requested account payable schedules had not been downloaded. The crashed software could not be recovered by our MIS Department and expert assistance was sought. Also, there were no available backup copies whether on-site or off-site.*

1.1.5.12 *However, subsequent period schedules were made available to the GAC Audit Team as requested. We have put in place measures to prevent future loss occurrences.*

Auditor's General Position

1.1.5.13 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.5.14 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.6 Third-Party Payments without Evidence of Cash Receipts

Criteria

1.1.6.1 Regulations B.28 of the PFM Act of 2009 states "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

Observation

1.1.6.2 During the audit, we observed that Management made several payments totaling L$798,891 and US$4,650 during the fiscal years 2017/2018, 2018/2019, and 2019/2020 for litigation, notary, and probate fees in the name of an employee of the entity rather than the vendors, service providers/direct beneficiaries or their legally authorized representatives.

1.1.6.3 Additionally, the payments were without evidence of cash receipts from the payee to validate the payments for the services rendered. **See table 4A & 4B below for summary and annexure 1A, 1B and 1C below for details:**

Table 4A: Summary of Third-Party Payments without Evidence of Cash Receipts

No.	Fiscal Years	Payee	Description	Amount L$
1.	2017/2018	Robert M. Beer	Litigation fees & Notary/Probate	520,691.00
2.	2018/2019	Robert M. Beer	Litigation fees & Notary/Probate	278,200.00
	Total			**798,891**

Table 4B: Summary of Third-Party Payments without Evidence of Cash Receipts

No.	Fiscal Years	Payee	Description	Amount US$
1.	2019/2020	Robert M. Beer	Litigation fees & Notary/Probate	4,650
	Total			**4,650**

Risk

1.1.6.4 Paying cash to employees for subsequent disbursement to vendors may facilitate the misappropriation of public funds.

1.1.6.5 This practice may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

1.1.6.6 Management should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act.

1.1.6.7 All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.

1.1.6.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentation.

Management's Response

1.1.6.9 *Point noted. The transactions noted were for payments made to our in-house legal team to facilitate court-related costs, like filing, processing, etc. Management will ensure that all similar transactions will be duly supported by all relevant supporting documents (receipts, invoices, etc.) going forward.*

Auditor's General Position

1.1.6.10 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.6.11 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.7 Unremitted Corporate Income Taxes Payable to the LRA

Criteria

1.1.7.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "Within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".

1.1.7.2 During the audit, we observed that Management reported a total amount of US$2,977,884 as closing balance for Corporate Income Taxes Payable during the fiscal year 2020/2021 without evidence that the amount was fully remitted to the LRA. **See the summary in Table 5 below.**

Table 5: Summary of Corporate Taxes Payable Outstanding for each fiscal year

Account Title	Fiscal Years	Beginning Balances (USD) A	Corporate tax provisions during the fiscal year (USD) B	Total (USD) C=(A+B)	The amount remitted to LRA During the Fiscal Year (USD) D	Running Balances unremitted (USD) E=(C-D)
Corporate Income Taxes Payable	2017/2018	1,693,186.00	1,034,182.40	2,727,368.00	104,588.00	2,622,780.00
	2018/2019	2,622,780.00	315,822.40	2,938,602.00	-	2,938,602.00
	2019/2020	2,938,602.00	208,892.82	3,147,494.82	169,611.37	2,977,883.45
	2020/2021	2,977,883.45	130,940.84	3,108,824.29	130,940.84	2,977,883.45

Risk

1.1.7.3 Failure to remit corporate income taxes, may deny GoL of much-needed tax revenue.

1.1.7.4 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia Act of 2000, which may result in penalties for late payment and failure to pay.

1.1.7.5 Non-remittance of Corporate Income Tax may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

1.1.7.6 Management should provide substantive justification for not fully remitting corporate income taxes to the Consolidated Account.

1.1.7.7 A payment plan should be crafted and agreed upon between LPRC Management and the LRA Management for full settlement of all arrears. Management should budget for and ensure full compliance with the terms of the agreed payment plan. Management should also ensure that future corporate income taxes are adequately provided for in the approved budget on an annual basis.

1.1.7.8 Going forward, Management should facilitate the full remittance of corporate income taxes to the Consolidated Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.1.7.9 *The amount reported is a provision for corporate tax. The provision was made to prepare for the tax liability that would arise after the LRA tax audit. Management will institute a tax audit to determine the actual tax liability and then schedule the payment accordingly.*

Auditor's General Position

1.1.7.10 We acknowledge Management's assertions. However, the closing cash balance as at June 30, 2021, US$894,478 would have been insufficient to settle the proposed Corporate Income Tax of US$2,977,883.45.

1.1.7.11 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.7.12 Further, Management is in breach of Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.1.8 Spending in Excess of Approved Budget

Criteria

1.1.8.1 Regulation B.24 (1, 2 and 3) of the PFM Act of 2009 as restated in 2019 states: "(1) A head of government agency shall prioritize the Government agency's activities and ensure that related expenditures are within the cash flow plans and budget ceilings or such other ceilings as determined by the Minister".

1.1.8.2 During the audit, we observed that Management expended an excess of US$835,838 of its approved budget without evidence of supplementary budgets and approval by the Board of Directors for the fiscal years under audit. **See Tables 6, 7, 8, and 9 below for details.**

Table 6: Excess Variance b/w approved budget and actual Expenditure 2017/2018

#	Account Titles	Annual Approved Budget US$ (A)	Actual Expenditure US$ (B)	Variance US$ C=(A-B)	Percentage Variance % D = (C) / (A)*100
1.	Personnel related expenses	862,264.00	1,058,582.00	(196,318.00)	(22.77)
2.	Professional services	593,140.00	722,266.00	(129,126.00)	(21.77)
	Total	**1,455,404.00**	**1,780,848.00**	**(325,444.00)**	

Table 7: Excess Variance b/w approved budget and actual expenditure for 2018/2019

#	Account Titles	Annual Approved Budget US$ (A)	Actual Expenditure US$ (B)	Variance US$ C=(A-B)	Percentage Variance % D = (C) / (A)*100
1.	Retirement & Pension benefits	573,930	670,693	(96,763.00)	-17%
2.	Utilities	327,000	372,727	(45,727.00)	-14%
3.	Fees, licenses & Subscription	266,338	301,286	(34,948.00)	-13%
	Total	**1,167,268**	**1,344,706**	**(177,438.00)**	

Table 8: Excess Variance b/w approved budget and actual expenditure for 2019/2020

#	Account Titles	Annual Approved Budget US$ (A)	Actual Expenditure US$ (B)	Variance US$ C=(A-B)	Percentage Variance % D = (C) / (A)*100
1	Retirement Costs	573,930.00	776,943.00	(203,013.00)	-35%
2	Corporate Social Services contribution	509,459.00	561,607.00	(52,148.00)	-10%
		1,083,389.00	**1,338,550.00**	**(255,161.00)**	

Table 9: Excess Variance b/w approved budget and actual expenditure for 2020/2021

#	Account Titles	Annual Approved Budget US$ (A)	Actual Expenditure US$ (B)	Variance US$ C=(A-B)	Percentage Variance % D = (C) / (A)*100
1	Retirement Costs	823,524	889,298.00	(65,774.00)	-8%
2	Utility expenses	266,400	278,421.00	(12,021.00)	-5%
	Total	**1,089,924**	**1,167,719**	**(77,795)**	

Risk

1.1.8.3 Spending in excess of the approved budget may lead to misappropriation of public funds. This may impair the achievement of the entity's objectives.

Recommendation

1.1.8.4 Management should account for the expenditure in excess of the approved budget limits without evidence of supplementary and /or recast budget and approval by the Board of Directors for the periods under audit.

1.1.8.5 Management should ensure that expenditure is within the approved budget limits at all times and where applicable, supplementary and/or approval for recast budget is acquired. Copies of the approved supplementary budget by the Board of Directors (where applicable) should be maintained for administrative and audit purposes.

1.1.8.6 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual revenue and expenditure. Gaps identified should be used to govern future revenue collection and disbursement activities.

1.1.8.7 Periodic budget performance reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.8.8 *Management prepares quarterly budget performance reports, based on which actions are taken for future quarters. However, the points raised about the recasting of the budget will be considered going forward.*

Auditor's General Position

1.1.8.9 We acknowledge Management's assertions. However, Management did not account for the expenditure in excess of the approved budget limits without evidence of supplementary and /or recast budget and approval by the Board of Directors for the periods under audit. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.8.10 Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.9 Unremitted Payment to LPRC for the Rehabilitation of Petroleum Storage Terminal

Criteria

1.1.9.1 On July 4th, 2018, a memorandum of understanding was signed by and between the MFDP, LPRC, and the NRF. The MOU required that US$0.05 of each gallon of petroleum product collected by the LRA be remitted to the NRF for onward transfer to LPRC for the rehabilitation of the Petroleum Storage Terminal at LPRC covering forty-eight (48) months.

1.1.9.2 In addition, the MOU indicated among others, the following:

- That no later than the 5th day of each month, LPRC shall submit an invoice to the NRF detailing a record of LPRC per gallon tax remittance of US$0.30 to the NRF Accounts as designated by Section 2.1 of the Joint Resolution established by the MFDP at the CBL;

- That no later than five (5) days, after the submission of the LPRC invoice, the NRF shall pay the full amount of the monthly invoice to an account designated by the LPRC established pursuant to the LPRC Board Resolution;

- That the rebate payment contemplated by the MOU shall not be used to offset any payment by the MFDP or augment a shortfall in the Road Fund Account. The rebate payments herein are irrevocable and non-assignable.

- That any disputes arising out of this MOU shall be settled amicably by the parties and failure to reach an agreement shall be submitted to the President of Liberia for final resolution.

Observation

1.1.9.3 During the audit, we observed that the Management of LPRC requested US$4,845,591.15 and L$186,631,231.00 on March 23, 2021, from the NRF, payments for the fiscal year 2019/2020 to enable Management to carry on the rehabilitation project as per the MOU. However, the NRF indicated that the amount of US$3,258,762 had been paid to the LPRC for the fiscal year 2018/2019 and 2019/2020 for the five-cent (US$0.05) rebate. Further, the NRF stated that the balance due to the LPRC for the five-cent (US$0.05) rebate is US$1,391,946.70.

1.1.9.4 In addition, Management of the NRF stated that the entity is not obligated to the LPRC for the fiscal year 2020/2021 due to the lack of inclusion of the LPRC five cent (US$0.05) rebate by the LRA in the National Budget. Moreover, the NRF rebate for fuel levies was reduced to twenty-five cents (US$0.25) from thirty cents (US$0.30) for the fiscal year 2020/2021 which excluded the LPRC.

1.1.1.1 From our review and analysis of the US$0.05 rebate collected from the fuel levy, we observed that the NRF due the LPRC US$1,391,946.07 for the rehabilitation of Petroleum Storage Terminal for the FY 2018/2019 and 2019/2020. **See Annexure 2B for details and Table 10 below for a summary.**

1.1.9.5 Additionally, information for fuel levy collected for FY 2020/2021 was not made available for audit purposes. Therefore, we were unable to recompute the proposed fuel rebate due to LPRC for FY 2020/2021. We also observed that the reported dispute resulting from claims and counterclaims over the non-budgeting and non-remittance of the proposed fuel rebate due to LPRC for FY 2020/2021 was not forwarded to the Office of the President for resolution consistent with the approved MOU. This matter therefore remains unresolved.

Table 10: Summary Payment Schedule of US$0.05 to LPRC for Fiscal 2018/2019 and 2019/2020

	Amount US$	
Fiscal 2018/2019 LPRC proposed five cents (US$ 0.05) * US$52,998,420.00	2,649,921.00	
Fiscal 2019/2020 LPRC-Proposed 0.05 Cents *US$40,015,760	2,000,788.00	
TOTAL PAYMENTS MADE TO LPRC FOR FY 2018/2019 & 2019/2020	**(3,258,762.00)**	
Balance due LPRC	**1,391,946.07**	

See Annexure 2B for details

Risk

1.1.9.6 The non-remittance of the proposed fuel rebate to LPRC for the rehabilitation of the Petroleum Storage Terminal may impair the achievement of the project objectives.

1.1.9.7 Dispute in the execution of approved MOU between LPRC and NRF may impair the achievement of the entities' objectives and the professional working relationship of both parties.

Recommendation

1.1.9.8 The Managements of LPRC and NRF should initiate formal discussions, perform comprehensive reconciliations, and agree on the proposed outstanding fuel rebate to LPRC for FY 2018/2019 to 2019/2020. A payment plan should be crafted and agreed upon between LPRC and NRF for full settlement of arrears. Subsequently, the Management of NRF should budget for and ensure full compliance with the terms of the agreed payment plans.

1.1.9.9 Relative to the dispute resulting from claims and counterclaims over the non-budgeting and non-remittance of the proposed fuel rebate due to LPRC for FY 2020/2021, the Managements of LPRC and NRF should liaise with the Office of the President for resolution of the matter consistent with the approved MOU. Evidence of decisions reached should be adequately documented and filed to facilitate future review.

Management's Response

1.1.9.10 *Point noted. Management will work with NRF to address the recommendations mentioned.*

Auditor's General Position

1.1.9.11 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.10 Irregularities Associated with Fixed Assets Management

Criteria

1.1.10.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held."

Observation

1.1.10.2 During the audit, we observed that the following irregularities were associated with the Fixed Assets Management System:

- There was no evidence of a fixed assets management policy.
- There was no evidence of a comprehensive fixed assets register
- The fixed assets register did not contain all the relevant columns.
- Some fixed assets did not contain the date of purchase, depreciation expense, and book value
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.
- Some of the Agency's fixed assets were not coded.
- Fixed assets within some vicinities were not displayed as required by the PFM Act.
- There was no evidence of disposal for Ganta fuel tanks
- Some of the fixed asset costs were not available. **See some details in Tables 11,12,13 and 14 below**

Table 11: Some Fixed Assets without value and code

No	ASSTS Description	Assets Location	Assets Code	Value	Condition of Assets
1	Eggle Super Fan	Nimba (Ganta)	Not Coded	Not available	Good
2	Hisense 2pcs	Nimba (Ganta)	Not Coded	Not available	Good
3	Standing Freezer	Nimba (Ganta)	Not Coded	Not available	Good
4	Living Room Chair sets	Nimba (Ganta)	Not Coded	Not available	Good
5	Living Room Chair 6pcs	Nimba (Ganta)	Not Coded	Not available	Good
6	Living Room Table 1pc	Nimba (Ganta)	Not Coded	Not available	Good

Table 12: Some fixed assets without cost, date of purchase, depreciation expense, and book value

Asset's location	Asset types	Total per Department
Asst. Technical Manager Office	Printers	----
General Support Service Asst. Manager Office	Printers	2pcs
Warehouse	Printers	1pc
Technical Services Workshop	Printers	----
Security Manager Office	Printers	----
Communication Senior Manager Office	Printers	1pc
Marketing Department	Printers	3pcs
Support Services / Motorpool	Printers	----
C.C.T.V Room	Printers	1pc
Investigation Office	Printers	----
Pump House	Printers	----

Table 13: Some of LPRC's Tanks without information on cost, depreciation expense and book value in the assets schedule

Tanks #s	Quality	Capacity / MT.	Capacity /Gallons	Comments
1	PMS	11,835	4,142,250	In use
4	PMS	7,191	2,516,850	Not in use
7	PMS	3,824	1,338,274	In use
401	PMS	5,722	2,002,721	In use
403	PMS	1,180	413,000	In use
408	PMS	1,145	400,750	In use
3	AGO	8,614	2,644,368	In use
5	AGO	5,410	1,893,377	In use
9	AGO	4,786	1,469,302	In use
402	AGO	3,267	1,002,969	In use
404	AGO	1,965	603,255	In use
6				Not in use
8				Not in use

Table 14: Some of the assets without information in the asset schedule on cost, depreciation expense, and book value

No	Plate#	Assignment	Model
1	A-659	MD's Jeep	Toyota Fortuner SUV
2	A-528	COS Jeep	Kia Sorento SUV
3	A-525	DMD/A Utility Pick-Up	Isuzu Dmax Pick-up
4	A-516	DMD/O Utility Pick-Up	Isuzu Dmax Pick-up
5	A-660	Comptroller's Jeep	Toyota Fortuner SUV
6	A-606	Compliance Utility Pick-Up	Toyota Hilux Pick-Up
7	A-609	Audit Pick-Up	Toyota Hilux Pick-Up
8	A-605	Operations Utility Pick-Up	Toyota Hilux Pick-Up
9	A-517	Marketing Utility Pick-Up	Isuzu Dmax Pick-up
10	A-527	MD's Utility Pick-Up	Isuzu Dmax Pick-up
11	A-518	GS Utility Pickup	Isuzu Dmax Pick-up
12	A-612	MIS Pick-Up	Toyota Hilux Pick-Up
13	A-558	Chief Accountant's Pick-Up	Toyota Hilux Pick-Up
14	B-205	Employees'Bus GS	Civilian Nissan Blus
15	B-213	Employees'Bus GSSS	Isuzu Oasis Bus
16	B-207	Employees'Bus GSSS	Toyota Coaster Bus

No	Plate#	Assignment	Model
17	B-206	Employees 'Bus GSSS	Toyota Coaster Bus
18	New Bus	Employees 'Bus GSSS	
19	A-555	GSSS Pick-Up	Toyota Hilux Pick-Up
20	A-608	Public Relations Manager/Pick-Up	Toyota Hilux Pick-Up
21	A-611	HSE Utility Pick-Up	Toyota Hilux Pick-Up
22	A-607	Maintenance Utility Pick-Up	Toyota Hilux Pick-Up
23	A-557	Procurement Utility Pick-Up	Toyota Hilux Pick-Up
24	A-556	GSSD Utility Pick-Up	Toyota Hilux Pick-Up
25	A-554	Security Utility Pick-Up	Toyota Hilux Pick-Up
26	A-107	Accounts Utility Car	Toyota Corolla
27	A-559	Henry Car Pick-Up	Toyota Hilux Pick-Up
28	A-610	Operations Manager Pick-Up	Toyota Hilux Pick-Up
29	C-50005	Fire Truck	Not available
30	C20025	Fire Truck	Not available
31	M291007	Security Motor Bike	Not available
32	M291008	MD's Office Motor Bike	Not available
33	M291006	Security Motor Bike	Not available
34	M291009	Security Motor Bike	Not available

Risk

1.1.10.3 Fixed Assets Register may be misstated (Over/understated).

1.1.10.4 Assets may be damaged or impaired but their values are still on the books.

1.1.10.5 Fixed assets may be removed from the entity’s premises without authorization, misappropriated, or subjected to personal use or theft.

1.1.10.6 The lack of an asset movement log could make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss, or theft of assets without being noticed.

1.1.10.7 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the entity’s objectives.

1.1.10.8 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

1.1.10.9 Management should develop, approve, and operationalize a fixed assets policy to regulate the management of fixed assets of the entity.

1.1.10.10 Management should ensure that the fixed assets register is updated to reflect the following; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, addition, depreciation expense, accumulated depreciation, net book value and disposal history of the asset.

1.1.10.11 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

1.1.10.12 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.

1.1.10.13 Fixed assets within a particular vicinity should be displayed as required by the PFM Act.

1.1.10.14 A Movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in the location of asset.

1.1.10.15 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.

Management's Response

1.1.10.16 *Recommendation noted. As a matter of fact, actions are being taken to address these issues. A Fixed Assets Policy has been prepared and approved by Management.*

1.1.10.17 *By the end of 2023, a comprehensive fixed assets register was prepared, that addressed the issues raised. Management has also made a provision in the 2024 Budget to procure automated fixed asset management software, that will ensure that all relevant information relating to each fixed asset is adequately captured.*

Auditor's General Position

1.1.10.18 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.10.19 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.11 Account Receivables Due from Petroleum Importers/Vendors

Criteria

1.1.11.1 Regulations O.21 (Paragraph 1-3) of the PFM Act of 2009 required that Government Agency revenue collectors shall keep records of money collected in such form as the Comptroller-General may determine and for such periods consistent with the provisions of Regulation 12. The records shall show the persons from whom revenue is due, a description of liability, the amount payable, the date, location, receipt number, and amount of the collections made. The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly.

1.1.11.2 Additionally, Regulation M. 3 (C) of the PFM Act of 2009 states "The funds of a State-Owned-Enterprise shall include monies accruing to the enterprise in the exercise and performance of its functions".

Observation

1.1.11.3 During the audit, we were unable to obtain confirmation on samples of receivable balances reported in the financial statements for FY 2018/2019 through 2020/2021. As a result of importers/vendors' refusal to respond to our confirmation letters for the fiscal years under audit. **See table #15, 16 and 17 below for details:**

1.1.11.4 Additionally, Management did not have an approved receivable policy nor did they maintain a receivable aging analysis/schedule for FY 2018/2019 through 2020/2021.

Table #15: Importers that failed to respond to GAC Confirmation Letters 2018/2019

No.	Name of importers	Amount previously owed A US$	Amount paid (USD) equivalent B US$	Balance due per LPRC Ledger C=(A-B) US$	Balance due per Petroleum Importer Record
1	Conex Energy Liberia INC	337,342.19	1,652.83	335,689.36	Did not respond
2	Kailondo Petroleum Importer	1,890,693.10	-	1,890,693.10	Did not respond
3	NP Liberia Limited	122,753.14	122,753.14	-	Did not respond
4	West Oil Investment	450,984.77	-	450,984.77	Did not respond
5	Monrovia Oil Trading Corp.	3,330,082.03	-	3,330,082.03	Did not respond
6	Srimex Oil and Gas Company	6,636,285.75	-	6,636,285.75	Did not respond
TOTAL		**12,768,140.98**	**124,405.97**	**12,643,735.01**	

Table #16: Importers that failed to respond to GAC Confirmation Letters for 2019/2020

#	Name of importers	Amount previously owed (USD) A	Amount paid USD B	Balance due per LPRC Ledger C=(A-B)	Balance due per Petroleum Importer Record
1	Conex PETROLEUM SERVICES INC-STORAGE, Rent, and Storage Terminal	2,372,999.03	1,652.83	2,371,346.20	Did not respond
2	Kailondo Petroleum Importer	1,890,693.10	-	1,890,693.10	Did not respond
3	NP Liberia Limited	42,753.14	42,753.14	-	Did not respond
4	West Oil Investment	691,148.46	-	691,148.46	Did not respond
5	Monrovia Oil Trading Corp.	3,106,398.28	-	3,106,398.28	Did not respond
6	Srimex Enterprise Storage, Rent Oil and Gas Company	7,412,244.95	-	7,412,244.95	Did not respond
TOTAL		**15,516,236.96**	**44,405.97**	**15,471,830.99**	

Table #17: Importers that failed to respond to GAC Confirmation Letters for 2020/2021

#	Name of importers	Amount previously owed (USD) A	Amount paid USD B	Balance due per LPRC Ledger C=(A-B)	Balance due per Petroleum Importer Record
1	Conex PETROLEUM SERVICES INC-STORAGE, Rent, and Storage Terminal	220,578.33	1,652.83	218,925.50	Did not respond
2	Kailondo Petroleum Importer	1,968,868.10	-	1,968,868.10	Did not respond
3	NP Liberia Limited	33,250.00	33,250.00	-	Did not respond
4	West Oil Investment	381,614.04	381,614.04	-	Did not respond
5	Monrovia Oil Trading Corp.	3,113,892.98	-	3,113,892.98	Did not respond
6	Srimex Enterprise Storage, Rent Oil and Gas Company	2,459,995.56	2,459,995.56	-	Did not respond
TOTAL		**8,178,199.01**	**2,876,512.43**	**5,301,686.58**	

Risk

1.1.11.5 Receivable balance in the financial statements may be misstated.

1.1.11.6 Receivables may not be collected and /or reported in a timely manner.

1.1.11.7 Individual debtor's account may be misstated.

1.1.11.8 In the absence of an approved Receivable Policy and Ageing Analysis, Management may not pursue the collection of receivables in a clearly defined manner. This may lead to under/non-collection of receivables.

Recommendation

1.1.11.9 Management should fully account for the total receivable balances amounting to US$12,643,735.01, US$15,471,830.99, and US$5,301,686.58 for FY 2018/2019, 2019/2020 and 2020/2021, respectively.

1.1.11.10 Management should establish, approve, and operationalize a Receivable Management Policy to regulate the receivable management at the entity. The policy should contain provisions for a schedule of collection, actions for non-collections, bad debt, adjustment, etc.

1.1.11.11 Management should periodically analyze account receivables to identify slow moving and or impaired receivables and adjust consistent with policy. Management should develop and operationalize an account receivable aging analysis to keep track of the age of receivables, and overdue receivables and to ensure that receivable collections are consistent with approved policy.

1.1.11.12 Going forward, Management should facilitate timely submission of receivable confirmation during subsequent audits.

Management's Response

1.1.11.13 *The account receivable balances reported are the fully accounted for balances. It is unfortunate that the customers did not respond to the confirmation as sent out. Management advises that during future audits, let the GAC Audit Team work with Management to follow up on getting responses from the customers. This would reduce the number of unresponsive customers.*

1.1.11.14 *Management notes the recommendation for establishing, approving, and operationalizing a Receivable Management Policy.*

1.1.11.15 *The Board of Directors and Management performs a monthly review of the account receivables. Going forward, action will be taken to adjust the receivable balances for impairment*.

Auditor's General Position

1.1.11.16 We acknowledge Management's assertions. However, Management should liaise with the Board of Directors to obtain approval for revocation of licenses for importers with long outstanding liabilities and for which approved payment plans have not been agreed and operationalized.

1.1.11.17 We will follow up on the implementation of our recommendations during subsequent audit. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.12 Unremitted Withholding Taxes to LRA

Criteria

1.1.12.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "Within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".

1.1.12.2 During the audit, we observed no evidence that Personal Income Tax and other withholding amounting to US$1,738,457.00 deducted from employees' salaries, and other taxes were remitted to the General Revenue Account as required. **See the summary in Table 18 below:**

Table 18: Summary of Unremitted Withholding Taxes for the Fiscal Years

Fiscal Years	Beginning Balances US$ A	Withholding Taxes for the Fiscal Year US$ B	Total Amount US$ C = (A+B)	Amount Remitted to LRA US$ D	Balances Unremitted US$ E=(C-D)
2017/2018	14,576.00	749,834.17	764,410.17	492,271.17	272,139.00
2018/2019	272,139.00	387,664.89	659,803.89	45,015.04	614,788.85
2019/2020	614,788.85	1,063,172.62	1,677,961.47	789,293.47	888,668.00
2020/2021	888,668.00	1,190,981.44	2,079,649.44	341,192.44	1,738,457.00

Risk

1.1.12.3 Failure to remit withholding taxes, may deny GoL of much-needed tax revenue.

1.1.12.4 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia Act of 2000, which may result in penalties for late payment and failure to pay.

1.1.12.5 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

1.1.12.6 Management should provide substantive justification for not fully remitting withholding taxes to the General Revenue Account.

1.1.12.7 A payment plan should be crafted and agreed between LPRC Management and the LRA Management for full settlement of all arrears. Management should also ensure that future withholding taxes are adequately provided for in the approved budget on an annual basis.

1.1.12.8 Going forward, Management should facilitate full remittance of withholding taxes to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.1.12.9 *Non-remittance of withholding taxes was due to cash flow constraints over the years. However, Management has made a provision in the 2024 Budget to start settling against tax arrears.*

Auditor's General Position

1.1.12.10 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.12.11 However, Management is in breach of Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

1.1.13 Unremitted Social Security Contributions to NASSCORP

Criteria

1.1.13.1 Chapter 89.9 Part II of the National Social Security and Welfare Corporation (NASSCORP) Act of 2016 required that an employer should deduct contributions for a pension from the remuneration of the employees at 4% of the gross salary and remit the amount along with the employer's contribution of 6% of the gross pay to NASSCORP.

1.1.13.2 Also, Section 89.18 of the Decree establishing NASSCORP required that if a principal employer defaults in paying any contribution prescribed by this Decree or subsequent regulations, a sum equal to four (4%) of the amount unpaid shall be added for each month or part of a month after the date on which payment was due, and any amount so added shall be recoverable as a debt owed by the employer to the Republic.

Observation

1.1.13.3 During the audit, we observed no evidence that Social Security Contributions (employees and employers) amounting to US$267,145 were remitted to NASSCORP as required. **See the summary in Table 19 below.**

Table 19: Summary of Social Security Payable for each Fiscal Year

	Beginning Balances US$	Social Security Payable during the Fiscal Year US$	Total Amount US$	Amount Remitted to NASSCORP US$	Balances Unremitted US$
Fiscal Years	A	B	C = (A+B)	D	E=(C-D)
2017/2018	-	250,716.04	250,716.04	109,630.80	141,086.00
2018/2019	141,086.00	408,114.87	549,200.87	286,696.87	262,504.00
2019/2020	262,504.00	377,102.46	639,606.00	327,089.46	312,517.00
2020/2021	312,517.00	335,741.11	648,258.00	381,113.11	267,145.00

Risk

1.1.13.4 Potential retirees of the entity may be denied required pension benefits due to non-compliance with Chapter 89.9 Part II of the National Social Security and Welfare Corporation (NASSCORP) Act of 2016.

1.1.13.5 Management may be noncompliant with Chapter 89.9 Part II of the National Social Security and Welfare Corporation (NASSCORP) Act of 2016, which may result in penalties and fines.

1.1.13.6 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

Recommendation

1.1.13.7 A payment plan should be crafted and agreed upon between LPRC Management and NASSCORP Management for full settlement of all arrears. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis.

1.1.13.8 Management should facilitate full payment of employees' and employers' contributions to NASSCORP on a consistent and timely basis.

1.1.13.9 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees' social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.

1.1.13.10 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.

1.1.13.11 Evidence of remittances of monthly social security contributions and all relevant supporting records should be adequately documented and filed to facilitate future review.

1.1.13.12 Payment receipts representing remittance to NASSCORP should be adequately documented and filed to facilitate future review.

Management's Response

1.1.13.13 *Non-remittance of social security contributions was due to cash flow constraints over the years. However, Management has made provision in the 2024 Budget to settle against social security contribution arrears.*

Auditor's General Position

1.1.13.14 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.13.15 However, Management is in breach of Chapters 89.9 and 89.16 Part II of the National Social Security and Welfare Corporation (NASSCORP) Act of 2016.

1.1.14 No Evidence of Independent Report from Universal (LIB) Surveyors Incorporation

Criteria

1.1.14.1 Paragraph 6 (2-3) of the consultancy agreement entered into by the LPRC and Universal (LIB) Surveyors Incorporation on September 26th, 2018 requires that the Consultant provide consultancy services for and on behalf of LPRC and the consultancy services shall include the following:

a. The consultants shall conduct a physical inspection of all vessels with petroleum product harboring or berthing at the petroleum Storage Terminal of LPRC and in

Monrovia and Liberia at Large.

b. The consultants provide accurate reports on the quantity of all petroleum products brought to Liberia and their grade.

c. The consultants shall provide an accurate report on the quantity of product discharged and quantity received in each storage tank.

d. The consultants shall maintain a daily log of all movement of excessive evaporation such as overnight loss.

e. The consultants shall give a comprehensive explanation of excessive evaporation such as overnight loss.

f. The consultants shall make a complete outturn report of every vessel discharge.

g. The consultants shall monitor daily product lifting on the loading tank.

h. The consultants shall conduct daily gauging of all storage tanks before and after loading by accounting tanks and total meter output to indicate its loss/gain".

i. That for and in consideration of the consultancy services to be performed by the consultant, LPRC agreed to pay the consultant for the following:

- Vessel Discharge Inspection Fees of (US$0.90) per metric ton.
- Loading Rock Monitoring Fees of (US$4,500) per month.

1.1.14.2 This agreement shall remain in full force and effect for a period of one year beginning July 1, 2018, to June 30, 2019. Additionally, Management made a total payment of US$82,940.86 for the consultancy services rendered by Universal (LIB) Surveyors Incorporation for the period.

1.1.14.3 Additionally, Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

a) Ensuring that the contractor complies with the specifications and terms of the contract;
b) Ensuring that the contract is being performed on schedule;
c) Ensuring that, payments made to the contractors are by the terms of the contract."

Observation

1.1.14.4 During the audit, we observed that Management signed an initial contract with Universal (LIB) Surveyors Incorporation from July 2018 to September 2019. The terms of the contract agreed upon were US$0.90 per metric ton of petroleum product imported on an annual basis. Additionally, US$4,500 is charged for loading rack monitoring per month. However, we observed no evidence of periodic independent assessment reports cataloging the quantity of all petroleum products brought to Liberia, the grade of products, quantity discharged and quantity received in each storage tank, daily log of all movement of excessive evaporation such as overnight loss, comprehensive explanation of excessive evaporation such as overnight loss, complete outturn report of every vessel discharge, etc. as required by the contract.

Risk

1.1.14.5 Disbursement may be made for services not performed. This may lead to non-achievement of the entity's objectives.

1.1.14.6 The completeness, existence, and accuracy of petroleum products bought and sold may be impaired. This may lead to misstatement of inventory, revenue, and subsequently the financial statements.

1.1.14.7 The absence of the independent evaluation report may impair effective monitoring and evaluation, checks and balances and facilitate misappropriation of petroleum products. Management may not account for petroleum products bought and sold annually.

Recommendation

1.1.14.8 Management should provide evidence of periodic independent assessment reports submitted by Universal (LIB) Surveyors Incorporation to the Office of the Auditor General as part of Management's response to this Management Letter.

1.1.14.9 Going forward, Management should ensure that subsequent payments for service to Universal (LIB) Surveyors Incorporation are based on timely submission of reports, as required by the contract.

1.1.14.10 The periodic independent assessment reports should serve as a key instrument in the Management validation of petroleum products bought, lost, and subsequently sold to distributors. Evidence of periodic independent assessment reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.14.11 *Management will provide copies of the independent inspector's report as requested. It is important to note that Universal (LIB) Surveyors Incorporation is very current and timely with the submission of their reports. As a matter of fact, the inspectors submit a report for each vessel that is discharged at LPRC Jetty.*

Auditor's General Position

1.1.14.12 Management's assertions were not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.14.13 Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.15 Payments without Adequate Supporting Documents

Criteria

1.1.15.1 Regulation P.9 (2) of the Public Finance Management (PFM) Act of 2009 as restated in 2019 states: "Payments except for statutory transfers and debt service shall be supported by invoices bills and other documents in addition to the payment vouchers".

1.1.15.2 Additionally, Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 states "A Government Agency shall procure government inventories from persons whose business is registered by the Registrar General's Office and any Government Agency that required an exemption for any specific case shall apply to the head of government agency with the necessary justification."

Observation

1.1.15.3 During the audit, we observed no evidence of supporting documents such as receipts, invoices, delivery notes, etc, where applicable for expenditures amounting to US$16,373.90. **See Table 20 below for a summary.**

Table 20: Summary of Payments without Adequate Supporting Documents

Date	Fiscal Years	Trans Description	Amount US$
1	2017/2018	Payment without supporting documents	5,480.90
2	2018/2019	Payment without supporting documents	10,893.00
Total			**16,373.90**

Risk

1.1.15.4 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.

1.1.15.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

1.1.15.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

Recommendation

1.1.15.7 Management should fully account for expenditures made without adequate supporting documents for US$16,373.

1.1.15.8 Going forward, Management should ensure that all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers, etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

1.1.15.9 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant sources and supporting documents are scanned, attached to the transactions (in the accounting software for financial transactions), archived, and maintained to facilitate future review.

Management's Response

1.1.15.10 *Point noted. There have been several movements of documents from our main archive to create space. Possibly those documents could have gotten mixed. Management has made provisions in the 2024 Budget to improve the archive.*

1.1.15.11 *However, Management commits to making frantic efforts to ensure that all documents are properly and securely archived for future references and audits.*

Auditor's General Position

1.1.15.12 We acknowledge Management's assertions. However, Management did not account for transactions without adequate supporting documents cataloged in Table 20 above. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.15.13 Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.16 Non-Compliance with IFRS Financial Reporting Framework

Criteria

1.1.16.1 In July 2015 the Government of Liberia through the LICPA, issued Regulation One (1) on Professional Standards and Related Practice Statements formally adopting IFRS Standards and mandated that all State-Owned Enterprises (SOEs) adopt International Financial Reporting Standards (IFRS) in the preparation and presentation of their financial statements.

1.1.16.2 The objective of International Financial Reporting Standards 1 (IFRS 1) – First-time Adoption of International Financial Reporting Standards is to ensure that an entity's first IFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high-quality information that:

a) is transparent for users and comparable over all periods presented;
b) provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRSs); can be generated at a cost that does not exceed the benefits.

Observation

1.1.16.3 During the audit, we observed that the financial statements prepared by Management did not comply with the International Financial Reporting Standards (IFRSs).

Risk

1.1.16.4 Management may be non-compliant with the GoL financial reporting framework for State-Owned Enterprises (SOEs): IFRS.

1.1.16.5 Fair presentation, full disclosure, understandability, comparability, and reconciliation of the financial statements may be impaired.

Recommendation

1.1.16.6 Management should develop, approve, and operationalize a plan to fully transition to IFRS the approved transition should be fully operationalized within six (6) months after the issuance of the Auditor General's report as its financial reporting framework as mandated by the GoL and in accordance with the requirements of IFRS.

Management's Response

1.1.16.7 *Point noted. Management has already made plans to start the conversion to IFRS after the submission of the GAC final audit report.*

Auditor's General Position

1.1.16.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.16.9 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.17 Lack of Description of Payment Vouchers

Criteria

1.1.17.1 Regulation P. 9 of the PFM Act of 2009, as amended and restated in 2019, required that all payment vouchers shall be typewritten or made out in ink or ballpoint pen and shall contain or have attached and description particulars of the services, goods, or works procured including dates, numbers, rates so that they can be checked without references to any other document.

Observation

1.1.17.2 During the audit, we observed that several payment vouchers prepared by Management during the fiscal years under audit did not include a description of transactions or the purpose for which the transactions were raised. **See Table 21 below for payment vouchers without narrative or description:**

Table 21: Some Payment vouchers without a description of the payments

No.	Date	REF	Amount US$
1.	July, 2017	31314	200,044.00
2.	December 7, 2017	32150	48,300.00
3.	November.17,2017	31974	43,561.00
4.	November.10,2017	31948	5,040.00
5.	September, 2017	31624	5,520.00
Total			**302,465.00**

Risk

1.1.17.3 Classification, reconciliations, fair presentation, and full disclosure of accounting transactions may be impaired. This may facilitate fraudulent financial management practices including duplication of payments etc.

1.1.17.4 Payment vouchers without description may create difficulty in understanding the nature of accounting transactions.

Recommendation

1.1.17.5 Management should facilitate comprehensive and concise documentation of the nature of transactions on each payment voucher.

1.1.17.6 All payment vouchers should be reviewed and approved by personnel with the relevant qualifications, experience, and seniority within the finance function. The reviewer should inspect the description of the transaction documented on the payment voucher before approval.

Management's Response

1.1.17.7 *Recommendation noted. Management, through the Finance Department, has started ensuring that there is an adequate description of each payment voucher to explain the nature of the transactions*.

Auditor's General Position

1.1.17.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.17.9 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.18 No Evidence of Approved Strategic and Operational Plans

Criteria

1.1.18.1 Regulation D.19 (1)(b) of the PFM Act of 2009 entitled 'Expenditure Estimates' states that a head of a government entity shall "prepare a strategic plan which shall include a definition of the Government agency's mission, goals, objectives, outputs and activities;

1.1.18.2 Regulation D.22 entitled 'Budget Hearing' further states that: (1) "On receipt of estimates from ministries and agencies, the Minister shall cause to be conducted budget hearings to review strategic plans and estimates of the government agencies concerned to ensure that these plans and estimates are in accordance with the Government's macroeconomic policy and fiscal framework. (2) Where necessary, the Minister may require a government ministry or agency to adjust its strategic plans and estimates to fulfill the requirements of the Government's macro-economic policy and fiscal framework."

Observation

1.1.18.3 During the audit, we observed that Management operated the entity without evidence of approved strategic and operational plans for the periods under audit.

Risk

1.1.18.4 Short, medium, and long-term goals of the entity may not be identified, pursued, and implemented thereby impairing the achievement of the organization's objectives.

1.1.18.5 Failure to develop policies and procedures to guide the activities of the entity may lead to arbitrary decisions that may be non-compliant with applicable laws and regulations and may impair the achievement of the entity's objectives.

Recommendation

1.1.18.6 Management should develop, approve, and operationalize a strategic plan (for at least five years) cataloging short-, medium--, and long-term goals, resources, and strategies needed to achieve those goals and timelines for the implementation of goals cataloged therein.

1.1.18.7 Subsequently, Management should develop, approve, and operationalize annual operational plans to expedite the implementation of strategic goals on an annual basis.

1.1.18.8 The strategic and operational plans should be monitored and assessed on a periodic basis. Adjustments should be implemented where applicable.

1.1.18.9 Evidence of approved strategic and operational plans should be adequately documented and filed to facilitate future review.

Management's Response

1.1.18.10 *Recommendation noted. A strategic plan was developed but not approved. However, a new five-year strategic plan has been developed and is awaiting approval of the new Board of Directors.*

Auditor's General Position

1.1.18.11 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.18.12 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.19 Non-Preparation of Bank Reconciliation Statements

Criteria

1.1.19.1 Regulation R.3 (6) of the PFM Act of 2009 as amended and restated 2019 required that the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month, and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof.

Observation

1.1.19.2 During the audit, we observed no evidence that Management prepared bank reconciliation statements for the below-indicated accounts for the FY period 2017/2018. **See Table 22 below for details.**

Table 22: Non-Preparation of Bank Reconciliation for FY 2017/2018

No	Account Title	Bank	Bank account no	Currency	Periods for which reconciliations were not prepared
1	LIBERIA PETROLEUM REFINING COM	IB	121970198630102 (02-2010-412134-01)	USD	Nov.-Dec., 2017 and Jan.-June 2018
2	LPRC-HFO TRANSITORY ACCOUNT	Guaranty Trust Bank	0112357/002/0001/000	USD	July, 2017 -June 2018
3	LPRC-HFO TRANSITORY ACCOUNT	Guaranty Trust Bank	0112357/001/0001/000	LRD	July, 2017 -June 2018
4	LPRC-HFO ROYALTY ACCOUNT	Guaranty Trust Bank	0113308/002/5020/000	USD	July, 2017 -June 2018
5	LIBERIA PETROLEUM REFINING	LBDI	003USD21511096305	USD	July, 2017 -June 2018
6	LIBERIA PETROLEUM REFINING	LBDI	002USD21511096302	USD	Jan.-June 2018
7	LIBERIA PETROLEUM REFINING	LBDI	001USD21511096306	USD	July, 2017 -June 2018
8	LIBERIA PETROLEUM REFINING	LBDI	002LRD21511096303	LRD	Jan.-June 2018
9	Hello Liberia Petroleum Refining Company	UBA	53030060000047	USD	July, 2017 -June 2018

Risk

1.1.19.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud. Management may not fully account for all of its transactions.

Recommendation

1.1.19.4 Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity. Monthly bank reconciliation reports should be prepared and reviewed by personnel with the relevant qualifications, experience, and seniority.

1.1.19.5 Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.19.6 *Recommendation noted. The Finance Department does prepare regular and timely bank reconciliations of all bank accounts maintained by the Company. The bank reconciliations are prepared by a team comprising a Senior Reconciliation Accountant, a Reconciliation Accountant, and a Reconciliation Assistant. The prepared reconciliations are reviewed by the Chief Accountant and subsequently approved by the Comptroller.*

1.1.19.7 *The Internal Audit Department and the Internal Audit Agency assigned staff perform regular reviews of the bank reconciliations*.

Auditor's General Position

1.1.19.8 Management's assertions were not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.19.9 Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.20 Non-compliance with Recruitment Policy

Criteria

1.1.20.1 Section IV.5.2 of the Employee Handbook of 2016 states that "When vacancies occur in the Liberia Petroleum Refining Company (LPRC), job listings are initially posted internally. Every effort shall be made to hire people from within the company. However, if a suitable candidate cannot be found from the current workforce, then the Company shall have the option of recruiting outside candidates".

Observation

1.1.20.2 During the audit, we observed that Management did not comply with its employment policy during the recruitment of twenty-one (21) employees hired externally for the fiscal years under audit. Further, we observed no evidence that the externally hired employees were competitively recruited.

1.1.20.3 For instance, we observed no evidence of existing vacancies and job listings posted internally and externally, evidence of recruitment committee members and periodic recruitment committee reports. **See Table 23 for details.**

Table 23: Non-compliance with Recruitment Policy

No.	Employee Names	Date of Employment
1	Larry O. Russell	1-Sep-17
2	Barbee Y. Kennedy	1-Sep-17
3	Gabriel B. Karpeh	1-Sep-17
4	Anthony S. Thomas	1-Sep-17
5	Philip S. Gondah	1-Sep-17
6	Harry Z. Gaye	1-Sep-17
7	A. Amara Talawaly	1-Sep-17
8	Sarploh T. Kun	1-Nov-17
9	David S. Jansuah	1-Feb-18
10	Wettie E. Tolbert	1-Feb-18
11	Isaac K. Doe	1-Feb-18
12	Vernon K. Johnson	1-Feb-18
13	Hannah Torlah	1-Feb-18
14	George M. Kiawon,ll	1-Feb-18
15	S. Nyumah Boimah	1-Feb-18

No.	Employee Names	Date of Employment
16	Daniel Smith	1-Feb-18
17	Joseph S. Dennis	1-Feb-18
18	Adrain M. Hoff	1-Jun-18
19	Francella J. Lawson	1-Jun-18
20	Jenneh Kawa	1-Jun-18
21	Dianah Graham	1-Jun-18

Risk

1.1.20.4 Management may be noncompliant with Section IV.5.2 of the Employee Handbook of 2016 for the recruitment of staff at the entity.

1.1.20.5 Management may recruit staffs that do not meet the required qualifications and experience to contribute to the overall objectives of the entity.

Recommendation

1.1.20.6 Management should ensure that all recruitment activities are carried out in compliance with the employee handbook of 2016. Management should utilize the expertise of current employees to fill available vacancies except in cases where the expertise is not available within the current staff base consistent with the policy. In such cases, Management should facilitate the competitive hiring of individuals with the required skills, qualifications, and experience.

1.1.20.7 Evidence of competitive internal and external recruitment processes should be adequately documented and filed to facilitate future review.

Management's Response

1.1.20.8 *As provided for in the LPRC Employee Handbook and the Collective Bargaining Agreement (CBA), there exists a standardized procedure for hiring within the employ of the organization. However, authorization and approved funding to recruit must first be given by the executive office. The HR department processes as authorized to act and the department has not been given authorization to actively recruit, also due to the full capacity level at the entity during the period in review.*

1.1.20.9 *The department has acted on recruitment emanating from the office of the Managing Director.*

Auditor's General Position

1.1.20.10 Management's assertion did not address the issue raised. Management did not provide evidence of competitive recruitment for employees hired externally. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.21 No Evidence of Employee Performance Appraisal

Criteria

1.1.21.1 Section IV.6 of the Employee Handbook of 2016 states that "Each employee shall be evaluated by his/her direct supervisors on a semi-annual and annual basis. However, continuous evaluation of employees by supervisors is required. It shall be used to:

- Provide feedback to employees on their performance;
- Enable evaluators to know the strengths and weaknesses of the staff reporting to them;
- Establish the basis for the development of training programs;
- Provide a basis for salary adjustments, promotions, awards, transfers, and missionary actions.

Observation

1.1.21.2 During the audit, we observed no evidence that Management conducted a performance evaluation of its employees for the fiscal periods under audit as required.

Risk

1.1.21.3 The lack of periodic performance appraisal may lead to unnoticed and/or consistent poor performance by employees of the entity, thus impairing the achievement of the entity's objectives.

1.1.21.4 In the absence of a documented performance evaluation system, an employee development plan may not be achieved thereby impairing the achievement of the entity's objectives.

1.1.21.5 Employees may be promoted or demoted on a discretionary basis.

Recommendation

1.1.21.6 Management should facilitate the conduct of periodic performance evaluations for all staff. Performance goals should be clearly defined and documented for all positions.

1.1.21.7 Employees should be familiarized with performance goals and be given the opportunity to periodically evaluate themselves against set goals. Subsequently, performance managers/supervisors should evaluate the performance of assigned employees against set goals and update the employees about the result of the evaluation including areas of targeted development.

1.1.21.8 Management should solicit post feedback from employees about the fairness of the performance evaluation system and adjust where applicable.

1.1.21.9 Documentation for performance evaluation should be adequately filed to facilitate future review.

Management's Response

1.1.21.10 *As provided for in the LPRC Employee Handbook and the Collective Bargaining Agreement (CBA), there are provisions for Performance Appraisal, which HR is ready and prepared to* *perform upon authorization and approval from the executive office. This function was placed on hold through executive management, for review and reconstruction. However, plans have been concluded to re-introduce the culture of Employee Performance Appraisal, and or, an Employee Development program which is key to driving employee performance and engagement*.

Auditor General's Position

1.1.21.11 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.22 Inadequate Records in Personnel Files

Criteria

1.1.22.1 Section IV.5.3 of the Employee Handbook of 2016 states that "All new hires shall submit the following information to the Human Resource Section for employment processing:

- Letter of application
- Credentials (copies of diplomas or degrees where applicable) in support of qualification
- Personal history (form supplied by section)
- Letters of recommendation-two from previous employers if applicable and another from a reputable source
- Recent photographs of applicants
- Police clearance
- Proof of citizenship where applicable
- Medical examination by a reputable health care facility".

Observation

1.1.22.2 During the audit, we observed that Management did not maintain personnel records such as letters of application, employment letters, medical certificates, police clearance, job descriptions and letters of recommendation, personnel action notices (PAN), etc. **See table 24 below for details.**

Table 24: Staff with Inadequate Records in Personnel Files

No	Name of Employee	Position	Outstanding Documents
1	Richard A. Williams	Driver	Police Clearance & Medical Certificate
2	Andrew B. Horace	Chief of Record & Statistic	Police Clearance, Medical Certificate
3	JamesY. Mulbah	Marine man	Police Clearance
4	Stanilous W. Doe	Record Clerk	Police Clearance, Medical Certificate
5	Wannie A.T. Massaquoi	Life Officer	CV and Job Description
6	James Dahn	Petroleum Inspector	Application Letter, Police Clearance, Letter of Recommendation, Medical Certificate
7	Gbannay B. Roberts	Information Officer	Application letter, Employment Letter, Police Clearance, Letter of Recommendation, Medical certificate
8	George Chea	Painting Technician	Application Letter, Employment Letter, Police Clearance, Letter of Recommendation, Medical

No	Name of Employee	Position	Outstanding Documents
			Certificate
9	Kude L. Cummings	Safety, Health and Environment Officer	Application Letter, Employment Letter, Police Clearance, Letter of Recommendation, Medical Certificate
10	Theodosia M. Wreh	Personnel Analyst	Employment Letter, Police Clearance, Letter of Medical certificate
11	Geebli Kanyea	Loading Clerk	Employment Letter, Police Clearance, Letter of Recommendation, Medical Certificate
12	Joseph B. Andrews	Junior Loss Prevention Officer	Application Letter, Police Clearance, Medical Certificate

Risk

1.1.22.3 Failure to maintain essential personnel records may lead to Management's inability to manage or regulate the activities of its personnel effectively.

1.1.22.4 Management may recruit staff that do not meet the required qualifications and experience to contribute to the overall objectives of the entity. This may impair the achievement of the entity's objectives.

Recommendation

1.1.22.5 Management should ensure that all employees' files are updated to contain essential documents such as letters of application, letters of employment, contracts, credentials, terms of reference, police clearances, medical certificates, Personnel Action Notice (PAN), etc. to enable Administration to regulate the activities of its personnel effectively.

1.1.22.6 Management should institute periodic review/inspection of personnel files to validate the completeness of personnel records.

1.1.22.7 Management should institute the electronic document management system by scanning all documents in employees' files and creating electronic files for each employee. This control will facilitate a more effective document retention and archiving system, along with manual records.

Management's Response

1.1.22.8 *Employee personnel files are well-kept with a variety of documents and records. Of the seven required documents for hire, all files have complied with most. HR has noticed some files missing a few key documents for which notifications have been sent. The HR Department has over the years worked with employees, reminding them individually and annually, to ensure full compliance with the required documentation needed from new hires. Most employees have complied in submitting all required documents. In view of the foregoing, the department is currently working with all concerned employees to have them in compliance, earmarking disciplinary actions in anticipation of getting Executive Management's full support.*

Auditor's General Position

1.1.22.9 Management's assertions were not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.23 No Evidence of Attendance Log

Criteria

1.1.23.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risks that are meaningful to the organization's objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

Observation

1.1.23.2 During the audit, we observed no evidence of an attendance log to confirm that staff reported to work regularly.

Risk

1.1.23.3 Failure to monitor and supervise personnel attendance records may result in compensation of non-deserving employees. This practice may cultivate an inappropriate work culture at the entity and may subsequently affect the operation and performance of the entity.

1.1.23.4 The absence of an accurate attendance log to monitor staff daily may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.

Recommendation

1.1.23.5 Management should ensure that all staff sign the daily attendance records. The daily attendance sheet should include the following columns: name of employee, department, position, signatures, and time for in and out periods.

1.1.23.6 Management should conduct periodic spot checks to ascertain the authenticity of the attendance records. The attendance records including spot check records should be adequately documented and filed to facilitate future review.

1.1.23.7 Management should ensure that personnel attendance records are regularly monitored by a designated staff and those employees should be reprimanded in line with the entity's employees' handbook for failing to report to work.

Management's Response

1.1.23.8 *Between 2017–2020, a biometric system was used to capture employees' attendance records. This system was managed by the Management Information System (MIS) department. The system developed problems and when MIS made several requests to purchase the damaged items, said request was never approved until the system went out of use. Based on this, the HR department instituted a manual signing-in system in 2021*.

1.1.23.9 *The Attendance record logs are in daily use and are available in the HR office.*

Auditor General's Position

1.1.23.10 Management's assertions were not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.24 Lack of Audit Committee

Criteria

1.1.24.1 Regulation K.10 of the PFM Act of 2009 as amended and restated in 2019 states that "the head of government agency or government organization shall in consultation with the internal audit governance board establish and maintain an audit committee for the government agency or organization for which he/she is responsible."

1.1.24.2 Further, Regulation K.11(1),(a) of the PFM Act of 2009 as amended and restated 2019 states 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.

Observation

1.1.24.3 During the audit, we observed no evidence that Management established an audit committee at the entity, to monitor and address audit matters at the institution as required.

Risk

1.1.24.4 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of an audit committee.

1.1.24.5 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

Recommendation

1.1.24.6 Management should liaise with the relevant authority of the Board of Directors to establish a functional audit committee. Evidence of documentation of periodic meeting minutes and activity reports of the audit committee should be adequately documented and filed to facilitate future review.

Management's Response

1.1.24.7 *Recommendation noted. Management will work with the Board of Directors to constitute the Board Audit Committee and develop a term of reference for the Committee to use as its working tool.*

Auditor's General Position

1.1.24.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.24.9 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.25 No Risk Management Policy and Report

Criteria

1.1.25.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risks that are meaningful to the organization's objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

Observations

1.1.25.2 During the audit, we observed no evidence that Management has developed a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.

Risk

1.1.25.3 The absence of a risk management policy may lead to management not being aware of potential risks that may affect the operations of the entity.

1.1.25.4 Potential risk to the entity may not be identified, assessed, and mitigated/prevented in a timely manner thereby impairing the achievement of the entity's objectives.

Recommendation

1.1.25.5 Management should develop, approve, and operationalize a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.

1.1.25.6 Evidence of periodic risk assessment should be adequately documented and filed to facilitate future review.

Management's Response

1.1.25.7 *Recommendation noted. Management has hired the services of an Administrative Consultant; whose responsibilities include the development of various operational policies. This will be one of many policies that the Consultant will work to develop within a reasonable time frame.*

Auditor's General Position

1.1.25.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.26 No Evidence of Approved Policies to Guide the Operations of the Entity.

Criteria

1.1.26.1 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

1.1.26.2 During the audit, we observed no evidence of approved policies and procedures to guide the operations of the entity for the following:

- Approved Financial and Administrative Manual
- Account Receivables
- Account Payables
- Risk Management
- Fixed Asset Management
- ICT Security Policy

Risk

1.1.26.3 Failure to develop approved policies and procedures to guide the activities of the entity may lead to arbitrary decisions that may be non-compliant with applicable laws and regulations and may impair the achievement of the entity's objectives.

Recommendation

1.1.26.4 Management should develop, approve, and operationalize policies and procedures for the various functions identified above, for the effective and efficient operations of the entity.

1.1.26.5 Evidence of approved policies and procedures should be adequately documented and filed to facilitate future review.

Management's Response

1.1.26.6 *Recommendation noted. Management has hired the services of an Administrative Consultant; whose responsibilities include the development of various operational policies. These will be some of the policies that the Consultant will work to develop within a reasonable time frame.*

Auditor's General Position

1.1.26.7 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.27 No Evidence of ICT Policy

Criteria

1.1.27.1 DSS05 of COBIT 2019 -Managed Security Services- required Management to protect enterprise information, maintain the level of information security risk acceptable to the enterprise in accordance with the security policy, should establish and maintain information security roles and access privileges and perform security monitoring.

Observation

1.1.27.2 During the audit, we observed that Management provided no evidence of key IT-related policies to protect and maintain security threat of the entity such as:

a) Approved IT Security Policy, and
b) Change Management Policy

Risk

1.1.27.3 Failure to develop and operationalize policies that will protect and maintain the entity information, may lead to security threat and vulnerabilities.

1.1.27.4 The absence of an approved IT policy, may lead to resistance to change, lack of awareness or desire to support change etc.

1.1.27.5 In the absence of IT policy, decision may be instituted and implemented on a discretionary basis.

1.1.27.6 Failure to develop and operationalize IT policy may lead to disruptions to the business information system.

Recommendation

1.1.27.7 Management should develop, approve and operationalize appropriate IT policies and standard operating procedures to safeguard information assets (application, database and other IT infrastructure) and ensure consistency in application of the policies across the Entity.

1.1.27.8 Management should develop, approve and operationalize IT policy to mitigate unauthorized and untested changes made to the production environment. Change management for information system environments, application functionality, and business processes should be proactively managed to achieve process integrity, expedite learning curve-and-build-capacity.

Management's Response

1.1.27.9 *Recommendation noted. Management has developed an IT policy referred to as Information Technology Policy and Procedure, but it is yet to be approved by the Board. The policy development was completed in October of 2023.*

Auditor's General Position

1.1.27.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.28 No Evidence of Offsite Back-Up

Criteria

1.1.28.1 According to COSO Internal Control Framework on Control Environment, the Management of an entity should develop a documented Disaster Recovery Plan to provide procedures to be followed in the event of a disaster. The plan would mitigate the loss of transaction data and information. The purpose of the plan is to minimize the effects of service interruption of the operations 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.

Observation

1.1.28.2 During the audit, we observed no evidence of Offsite Back-Up to help recover transaction data and information and ensure business continuity in the event of disaster.

1.1.28.3 Additionally, there was no evidence of periodic review or regular testing to confirm data were backups as required.

1.1.28.4 Also, there was no evidence of a backup server for safety.

Risk

1.1.28.5 Failure to establish a Offsite Back-Up plan may result in the loss of transaction data and information in the case where a negative event may occur.

1.1.28.6 The lack of backup server and offsite backups may result into data loss in the event of a disaster.

Recommendation

1.1.28.7 Management should develop a Offsite Back-Up plan to help mitigate the risk of loss of transaction data and information in the event of a negative occurrence.

1.1.28.8 Management should ensure that data are backup in an appropriate manner. Periodic review of backup should be performed and documented. A backup restoration test should be performed periodically to ensure that business users can confirm the integrity and Completeness of the information.

1.1.28.9 Additionally, Management should ensure that data are collected and supervised in an appropriate manner. Data should be accessed on a need-to-know basis to uphold data integrity.

Management's Response

1.1.28.10 *Recommendation noted. Management will work with the MIS Department to source a reliable off-site storage for back-ups. However, back-ups are being made in cloud for some sensitive financial information*.

Auditor's General Position

1.1.28.11 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.29 No Evidence of Annual Reports

Criteria

1.1.29.1 PFM Regulations M.10. (P1) states that' 'Within one month after the end of the previous fiscal quarter financial statements covering the previous quarter shall be prepared by each State-Owned Enterprise and transmitted to the Auditor-General, the Minister, the Sector Minister, the Bureau of State Enterprises, and the Comptroller-General in respect of each quarter.

Observation

1.1.29.2 During the audit, we observed no evidence of annual reports prepared by Management for FY 2017/2018 to 2020/2021.

Risk

1.1.29.3 Significant activities, achievements, challenges and measure to mitigate challenges may not be adequately documented. This may impair institutional performance measurement and development of remediation strategy to address existing challenges and constrains.

1.1.29.4 Information to facilitate institutional memory, expedite learning curves and provision of current administrative and operational status of the entity may not be available.

Recommendation

1.1.29.5 Management should facilitate the preparation and approval of administrative and operational activities report on an annual basis. The report should cover proposed goals for the fiscal year, achievement against those goals, significant activities and challenges and measure to mitigate challenges in the near future. The report should also contain the entity audited financial statements (or at least a management accounts) to adequately inform stakeholders about the annual financial activities of the entity.

1.1.29.6 The report should be approved by the Managing Director and subsequently submitted to the Board of Directors, and the Offices of the Auditor General, the Comptroller and Accountant General and the Sector Minister. Evidence of approved annual administrative and operational activities report should be adequately documented and filed to facilitate future review.

Management's Response

1.1.29.7 *Recommendation noted. The new Management Team has constituted an Annual Report Committee to lead the preparation of Annual Reports. The Committee is chaired by the Deputy Managing Director for Administration, the Deputy Managing Director for Operations as Ex-Officio, and includes the Comptroller, Planning & Project Manager, Marketing Manager, and Human Resource Manager.*

1.1.29.8 *The Committee has been mandated to develop a standard template for review and present the first draft by November 2024.*

1.1.29.9 *With the constitution of this Committee, regular annual reporting will be a must in line with applicable laws and regulations.*

Auditor's General Position

1.1.29.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.29.11 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.30 No Evidence of Approved Internal Audit Charter

Criteria

1.1.30.1 Part J 1(10) of the PFM Regulations states that "To enhance enforcement of powers and provide the Internal Audit Governance Board with a regulatory operational framework, a Public Sector Internal Audit Charter shall be provided to encompass internal audit mandate, functions and powers of the Internal Audit Governance Board".

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

1.1.30.3 Regulation J.3 (4b) of the PFM Act of 2009 states: "(4) Subject to the Public Finance Management Act 2009 or any other enactment, an internal audit unit established under sub regulation (1): shall carry out internal audit of its institution and shall submit reports on the internal audit it carries out in accordance with section 38 (3) and (4) of the Public Finance Management Act 2009; the Internal Audit Governance Board standards and procedures; the Government Agency or Government Organization's accounting and auditing instructions; and International Public Sector Accounting Standards, International Organization of Supreme Audit Institutions (INTOSAI) Standards, and Institute of Internal Auditors Standards as adopted by the Government of Liberia;"

Observation

1.1.30.4 During the audit, we observed no evidence of an approved internal audit charter by the board of directors to enhance the independence of the internal auditors at the entity.

Risk

1.1.30.5 In the absence of an approved internal audit charter, the independence, objectivity and activities of the Unit may be impaired.

Recommendation

1.1.30.6 Management should develop an Internal Audit Charter and submit same to the Board of Directors for subsequent review and approval.

1.1.30.7 Subsequently, Management should ensure that the Internal Audit Charter is operationalized to enhance the independence, objectivity and activities of the internal audit function. Evidence of the approved internal audit charter should be adequately documented and filed to facilitate future review.

Management's Response

1.1.30.8 *Management takes note of the audit findings. However, the Internal Audit Department (IAD) has prepared an Audit Charter for Management approval. Attached is a copy of the Audit Charter as prepared by IAD.*

Auditor's General Position

1.1.30.9 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.30.10 Management should ensure that the draft Internal Audit Charter is approved by the Board of Directors in a timely manner. Subsequently, Management should ensure that the provisions of the approved Internal Audit Charter are fully operationalized. Evidence of the approved Internal Audit Charter should be adequately documented and filed to facilitate future review.

1.1.31 No Evidence of Approved Internal Audit Plan

Criteria

1.1.31.1 Section 1110 of the International Standards for the Professional Practice of Internal Auditing (Standards) states that "Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

- Approving the internal audit charter.
- Approving the risk based internal audit plan.
- Approving the internal audit budget and resource plan.
- Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.
- Approving decisions regarding the appointment and removal of the chief audit executive.
- Approving the remuneration of the chief audit executive.
- Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations".

Observation

1.1.31.2 During the audit, we observed no evidence of an approved internal audit plan that comprehensively catalog planned activities of the internal audit unit on an annual basis.

Risk

1.1.31.3 Risk assessment activities and periodic internal audits may not be effectively planned for and implemented in a timely manner. This may impair the achievement of the internal audit unit objectives.

1.1.31.4 Internal and external audit recommendations may not be follow-up on and implemented in a timely manner.

Recommendation

1.1.31.5 The Internal Audit Manager should facilitate the preparation of a comprehensive annual internal audit plan cataloging planned activities of the internal audit function. These activities should include periodic risk assessment, internal audits of selected management function, and a schedule for follow-up on the implementation of internal and external audit recommendations. The annual internal audit plan should be submitted to the Board of Directors for approval and subsequently operationalized.

Management's Response

1.1.31.6 *Management takes note of the audit findings. Attached is a copy of the Internal Audit Plan as prepared by IAD.*

Auditor's General Position

1.1.31.7 We acknowledge Management's subsequent submission of the Annual Internal Audit Plan after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of document management.

1.1.31.8 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner.

ANNEXURES

Annexure 1A: Third Party Payments without Evidence of Cash Receipts for 2017/2018

No	Date	Payee	check#	Narrative	Amount L$
1	December 12, 2018	Robert M. Beer	400095054	Litigation fees	23,613.00
2	October 12, 2018	Witness Doyen	400095046	Litigation fees	23,613.00
3	June 12, 2018	Robert M. Beer	190478	Litigation fees	39,500.00
4	11/30/2018	Robert M. Beer	190448	Litigation fees	39,500.00
5	11/26/2018	Robert M. Beer	190406	Litigation fees	23,700.00
6	January 8, 2018	Robert M. Beer	1602007	Notary/Probate	22,500.00
7	09/20/2018	Robert M. Beer	162122	Litigation fees	23,100.00
8	09/19/2018	Robert M. Beer	162121	Litigation fees	54,030.00
9	April 9, 2018	Robert M. Beer	162084	Notary/Probate	50,050.00
10	08/23/2018	Robert M. Beer	162058	Notary/Probate	153,700.00
11	August 6, 2018	Robert M. Beer	161871	Litigation fees	34,592.50
12	January 5, 2018	Robert M. Beer	125769	Litigation fees	32,792.50
	Total				**520,691.00**

Annexure 1B: Third Party Payments without Evidence of Cash Receipts for 2018/2019

No	Date	Payee	check#	Narrative	Amount L$
1	3/28/2019	Robert M. Beer	190537	Litigation fees	24,150.00
2	3/19/2019	Witness Doyen	400143947	Notary/Probate	32,000.00
3	2/20/2019	Robert M. Beer	190512	Annual assembly fees	39,500.00
4	2/19/19	Richard A William	190511	Litigation fees	64,000.00
5	1/22/19	Robert M. Beer	400095158	Financial assistance	31,200.00
6	October 1, 2019	Robert M. Beer	400095130	Litigation fees	31,200.00
7	3/28/2019	Robert M. Beer	190537	Litigation fees	24,150.00
8	3/19/2019	Witness Doyen	400143947	Notary/Probate	32,000.00
	Total				**278,200.00**

Annexure 1C: Third Party Payments without Evidence of Cash Receipts for 2019/2020

No	Date	Payee	check#	Narrative	Amount US$
1	08/28/2019	ROBERT M. BEER	01104807	FOR OUTSTANDING INVOICES FOR ADDITIONAL WORK DONE	500
2	07/15/2019	ROBERT M. BEER	00190767	HEARING INTO THE MANAGEMENT OF LPRC VERSUS AGGRIEVED CONTRACTORS OF LPRC ON JULY 15, 2019	200.00
3	07/22/2019	ROBERT M. BEER	00223338	MANAGEMENT OF LPRC VERSUS ELIZABETH MATU TUBMAN-WHITE CASE	200.00
4	02/03/2020	ROBERT M. BEER	00226513	LITIGATION FACILITY FEE INVOLVING LPRC & AGGRIEVED CONTRACTORS (LRD29,100.00 @ 194)	150.00
Total					**4,650.00**

Annexure 2A: Summary Schedule of fuel lifted for the period January 2020 to December 2020

NO.	Period	PMS	AGO	Total PMS & AGO	US$0.05 Rebate
1	Jan, 2020	2,827,800.00	4,737,450.00	7,565,250.00	378,262.50
2	Feb, 2020	3,478,700.00	5,367,500.00	8,846,200.00	442,310.00
3	Mar, 2020	2,947,000.00	4,557,000.00	7,504,000.00	375,200.00
4	Apr, 2020	2,996,388.00	4,257,525.00	7,253,913.00	362,695.65
5	May, 2020	2,621,500.00	4,222,700.00	6,844,200.00	342,210.00
6	June, 2020	3,044,250.00	4,114,000.00	7,158,250.00	357,912.50
7	July, 2020	2,827,006.00	3,603,000.00	6,430,006.00	321,500.30
8	Aug, 2020	2,682,500.00	3,696,500.00	6,379,000.00	318,950.00
9	Sept, 2020	2,287,000.00	3,485,000.00	5,772,000.00	288,600.00
10	Oct, 2020	2,915,500.00	3,682,000.00	6,597,500.00	329,875.00
11	Nov, 2020	2,802,000.00	3,029,600.00	5,831,600.00	291,580.00
12	Dec, 2020	3,243,500.00	4,310,000.00	7,553,500.00	377,675.00
Total		**34,673,144.00**	**49,062,275.00**	**83,735,419.00**	**4,186,770.95**

Annexure 2B: Payment Schedule of US$0.05 to LPRC for Fiscal 2018/2019 and 2019/2020

	Amount US$	Amount US$
Fiscal 2018/2019 LPRC proposed five cents (US$ 0.05) * US$52,998,420		**2,649,921.00**
Payment made to LPRC:		
November 2018 first payment	299,488.00	
December 2018 second payment	337,225.00	
January 2019 third payment	500,000.00	
April 2019 fourth payment	241,175.00	
May 2019 fifth & six payments	150,000.00	
May 2019 fifth & six payments	150,000.00	
Total payments for fiscal 2018/2019		**1,677,888.00**
Balance due LPRC for fiscal 2018/2019		**972,033.00**
FY 2018-2019:		
LPRC-Proposed US$0.05 *US$40,015,760		**2,000,788.00**
LPRC US$0.05 Cents bal. b/d FY2018/2019		972,033.00
Total due LPRC for fiscal 2018/ 2019 and 2019/2020		**2,972,821.00**
Payments made to LPRC:		
September 2019 (7th & 8th payments)	712,048.00	
October 2019 (9th payment)	247,942.00	
November 2019 (10th payment)	495,884.00	
February 27, 2020 (11th payment)	125,000.00	
Total payments to LPRC for fiscal 2019/2020)		**1,580,874.00**
Balance due LPRC		**1,391,946.07**

Annexure 3A: Details Payments without adequate supporting documents (Fiscal Year 2017/2018)

Account ID	Account Description	Date	Reference	Trans Description	Amount US$
110-001-0-00-00	LBDI USD Operating Account	8/25/17	CK # 311283	reimbursement from credit union	130.00

Account ID	Account Description	Date	Reference	Trans Description	Amount US$
162-001-0-00-00	Pumps/Pipes & Tanks-PST	4/16/18	32834	carol s. cholopleh - reimbursement to carol s. cholopleh for amount paid for broker fee and additional storage that accrued on clearing the fire hoses	72.00
250-006-0-00-00	Credit Union Ded Payable	8/25/17	CK # 311283	reimbursement from credit union	130.00
500-009-2-24-00	Cadets, Interns, Vacation Stud	11/13/17	32028	matthew s. gee - reimbursementof tuition fees	68.62
500-012-2-24-00	Employee Scholarship	10/2/17	32021	arthur f. kollie, sr. - reimbursement for tuition fees at stella maris polytechnic	79.00
501-022-3-33-22	Vehicle Maintenance	11/3/17	PV # 31909	edwin s. savice - reimbursement for serv.of vehicle a#60115	648.00
501-023-3-33-22	Vehicle Supplies & Accessories	7/24/17	31434	amadu zwanna - reimbursement for the repair of vehicle # a-60464	200.00
501-023-3-33-22	Vehicle Supplies & Accessories	10/18/17	31954	edwin w. sarvice - reimbursement for repair work done on vehicle a-60115	250.00
502-024-2-23-00	Local Perdiem	8/22/17	31527	charles kolee - reimbursement for engine oil bought while travelling from gant due to mencanical problem	273.09
502-081-1-11-00	Entertainment	4/30/18	PETTY CASH	reimbursement to oilers spot canteen for water for importers	20.00
504-099-3-33-24	Other Office Maint Supplies	10/19/17	5247	theodosia wreh - reimbursement for curtains and others for the office of the dmd/a	150.00
504-139-3-33-23	Tank Farm Pipe Fitting/Weld Sp	2/16/18	32445	prince jlateh - reimbursement for air valve fitting	420.00
511-199-1-11-00	Other Board Expenses	11/8/17	PV # 31937	hawa holder mayango - reimbursement o jackon doe	160.00
514-115-1-11-00	Contingency	4/2/18	32735	Hawa holder mayango - reimbursement for clearing of fire hoses	100.00
168-001-0-	Land	42949	31462	liberia land Authority -	2,780.19

Account ID	Account Description	Date	Reference	Trans Description	Amount US$
00-00				lprc/Ecowas land deed in Grand Bassa county	
Total					**5,480.90**

Annexure 3B: Payments without adequate supporting documents (Fiscal Year 2018/2019)

Description	Comment	Total Amount US$
JANITORIAL SUPPLIES	No Voucher and other supporting documents	400.00
ENGINEERING SUPPLIES	No Voucher and other supporting documents	400.00
VEHICLE REGISTRATION & LICENCE	No Voucher and other supporting documents	1,356.36
CASH DONATIONS	No Voucher and other supporting documents	2,055.00
MEDIA EXPENSES	No Voucher and other supporting documents	2,600.00
ADVERTISING	No Voucher and other supporting documents	1,400.00
PRINTING EXPENSE	No Voucher and other supporting documents	1,750.00
WATER & SEWER	No Voucher and other supporting documents	931.69
Total		**10,893.00**