



Promoting Accountability of Public Resources

## AUDITOR GENERAL'S REPORT

**On The System Review of the Financial Management System and Accounting Processes of the Judiciary Branch of the Government of Liberia**

***For the Period Ended March 31, 2024***

**July 2024**

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



## Table of Contents

<b>1</b>	<b>DETAIL FINDINGS AND RECOMMENDATIONS.....</b>	<b>13</b>
<b>1.1</b>	<b>Governance Issue.....</b>	<b>13</b>
1.1.1	Lack of Audit Committee .....	13
1.1.2	No Evidence of a Functional Budget Committee .....	14
<b>1.2</b>	<b>Budget Management .....</b>	<b>15</b>
1.2.1	No Evidence of Approval for Budget Recast.....	15
1.2.2	Strategic and Operational Plans not Aligned to Budget .....	15
1.2.3	Monitoring & Evaluation .....	17
1.2.4	No Evidence of Quarterly Budget Performance Reports .....	18
<b>1.3</b>	<b>Financial Reporting .....</b>	<b>19</b>
1.3.1	Non-Functional Automated Financial Management System/Accounting Software.....	19
1.3.2	Non-Periodic Reconciliation Between the Fiscal Outturn Report, IFMIS Records and Disbursement from GoL.....	20
1.3.3	Discrepancy Between the Expenditure Report (JBGL) and Fiscal Outturn Report (MFDP) GoL .....	21
1.3.4	General Ledgers, Trial Balance Figures Not Reconciled to Financial Statements Figures .....	23
1.3.5	Submission of Approved Financial Statement to the Offices of the Auditor General and Comptroller & Accountant General .....	24
<b>1.4</b>	<b>Personnel Management.....</b>	<b>25</b>
1.4.1	Irregularities Associated with Approved Salary Scales/Structure .....	25
1.4.2	Inadequate Records in Personnel Files.....	26
1.4.3	No Automated Payroll Management System .....	27
1.4.4	Lack of Segregation of Duties in Payroll Management .....	28
1.4.5	Non-remittance of NASSCORP'S Contributions .....	30
1.4.6	Personnel listing not Reconciled to Payroll.....	31
1.4.7	No Evidence of Approval of Job Description.....	32
1.4.8	Non-Monitoring of Attendance Log .....	33
1.4.9	No Employees Performance Appraisal .....	34
1.4.10	Exited Individual Maintained on Payroll .....	35
<b>1.5</b>	<b>Cash Management.....</b>	<b>36</b>
1.5.1	Irregularity Associated with Bank Accounts .....	36
1.5.2	Irregularities Associated with Bank Reconciliation .....	37
1.5.3	Non-Approval of Amended Petty Cash Float .....	39
1.5.4	Irregularities Associated with Petty Cash.....	39
1.5.5	No Overdraft Facility/Agreement .....	40
1.5.6	Payment Vouchers not Pre-numbered .....	41
<b>1.6</b>	<b>Procurement Management.....</b>	<b>42</b>

1.6.1	Irregularities Associated with Procurement Management .....	42
<b>1.7</b>	<b>Splitting of Procurement .....</b>	<b>44</b>
1.7.2	Payment without Evidence of Adequate Supporting Documents .....	44
1.7.3	Third Party Payments made to Employees of the Entity .....	46
1.7.4	Non-Remittance of GST .....	46
1.7.5	No Job Completion Certificates.....	47
1.7.6	Irregularities Associated with Travel Expenditures.....	48
1.7.7	Irregularities Associated with Fuel Management .....	50
<b>1.8</b>	<b>Fixed Assets Management.....</b>	<b>51</b>
1.8.1	Irregularities Associated with Fixed Assets Management.....	51
<b>1.9</b>	<b>Inventory Management.....</b>	<b>53</b>
1.9.1	No Automated Inventory Management System .....	53
<b>1.10</b>	<b>Revenue Management.....</b>	<b>54</b>
1.10.1	Irregularities Associated with Internally Generated Revenue .....	54
<b>1.11</b>	<b>Receivables Management.....</b>	<b>56</b>
1.11.1	No Evidence of Account Receivables Management Policy .....	56
<b>1.12</b>	<b>Payable Management .....</b>	<b>57</b>
1.12.1	No Evidence of Payable Management Policy .....	57
<b>1.13</b>	<b>Assurance Management .....</b>	<b>59</b>
1.13.1	No Evidence of Approved Internal Audit Charter .....	59
1.13.2	No Evidence of Approved Internal Audit Plan.....	60
<b>1.14</b>	<b>IT Management System.....</b>	<b>61</b>
1.14.3	IT GOVERNANCE .....	62
1.14.4	SECURITY MANAGEMENT .....	63
1.14.5	PROGRAM CHANGE MANAGEMENT.....	64
1.14.6	PHYSICAL ACCESS CONTROL.....	65
1.14.7	Environmental Control.....	66
1.14.8	Logical Access Control.....	67
1.14.9	IT Service Continuity .....	68
<b>ANNEXURE</b>	<b>.....</b>	<b>69</b>

## Acronyms

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
BCP	Business Continuity Plan
CBL	Central Bank of Liberia
CFIP	Certified Fraud Investigation Professional
COBIT	Control Objectives for Information and Related Technologies
COSO	Committee of Sponsoring Organizations
CSA	Civil Service Agency
DRP	Disaster Recovery Plan
FCCA	Fellow of Certified Charter Accountant
FY	Fiscal Year
GAC	General Auditing Commission
GL	General Ledger
GoL	Government of Liberia
Hon	Honorable
ICT	Information and Communication Technology
IFMIS	Integrity Financial Management Information System
INTOSAI	International Organization of Supreme Audit Institution
ISSAI	International Standards of Supreme Audit Institution
IT	Information Technology
JBGL	Judiciary Branch of the Government of Liberia
LRD	Liberian Dollars
NASSCORP	National Social Security Welfare Cooperation
PAN	Personnel Action Notice
PFM Act	Public Finance Management Act
PIT	Personnel Income Tax
PPC Act	Public Procurement Concession Act
Ref	Reference
RL	Republic of Liberia
SLA	Service Level Agreement
ToR	Term of Reference
USD	United States Dollars

## **Republic of Liberia**



### **TRANSMITTAL LETTER**

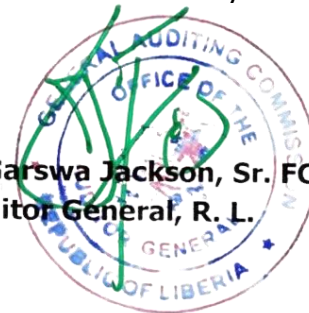
#### **THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE HONORABLE PRESIDENT PRO- TEMPORE OF THE LIBERIAN SENATE**

We have undertaken a system review of the Financial Management System and Accounting Processes of the Judiciary Branch of the Government of Liberia (JBGL) for the Period Ended March 31, 2024. The system review was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Findings conveyed in this report were formally communicated to the authorities of the Judiciary for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honourable Speaker and Members of the House of Representatives and the Honourable Pro-Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

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



**Monrovia, Liberia**

**July 2024**

July 19, 2024

Her Honor Sie-A-Nyene Youh  
**Chief Justice**  
**Supreme Court of Liberia**  
Capitol Hill  
Monrovia, Liberia

Dear Hon. Youh:

**Auditor General's Report on the System Review of the Financial Management and Accounting Processes of the Judiciary Branch of the Government of Liberia (JBGL) for the Period Ended March 31, 2024.**

**Adverse Conclusion**

The General Auditing Commission has conducted a system review of the JBGL. The system review on the financial Management System and Accounting Processes has been conducted in line with relevant laws and regulations consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Public Financial Management (PFM) Act and Regulations of 2009 as Amended and Restated 2019. the Committee of Sponsoring Organizations of the Treadway Commission (COSO), other Laws and Regulations, and the Engagement Term of Reference.

Based on the works performed, we found that, because of the significance of the matters noted in the Basis for Adverse Conclusion Paragraphs below, the financial management systems and accounting processes of the Judiciary Branch of the Government of Liberia are not in compliance with stated laws and regulations for the period ended March 31, 2024.

**Basis for Adverse Conclusion**

We identified multiple issues of significant materiality that affect the operations of the Judiciary Branch. These issues can be categorized as follows:

**Governance**

Management did not establish a functional audit committee with evidence of periodic meeting minutes to monitor and address audit matters as required. Also, there were no evidence of functional budget committee and evidence by documentation of attendance records, meeting minutes and periodic activities reports.

**Budget Management**

Management did not obtain the approval from the relevant authorities for amendments/recast to approved budgetary expenditures. The Strategic and operational plans were not aligned with

approved budgetary expenditures to guide the entity execution of its operations to achieving planned objectives. Also, no evidence of monitoring and evaluation of activities cataloged in the approved strategic and operational plans. Further, Management operated the entity without evidence of Quarterly Budget Performance report for 2024 as required.

### **Financial Reporting**

There was no evidence of an automated financial management system or an accounting software to facilitate comprehensive, real time and accurate recording of financial transactions. Also, Management did not perform periodic reconciliation between fiscal outturn report, IFMIS record and disbursement from GoL as reported. Further, the actual expenditure per the entity financial records did not reconcile with fiscal outturn report generated by the MFDP. The general ledger provided by the entity was inconsistent to the financial system, also there were no evidence of trial balance for the period under review and Management did not submit an approved annual financial statement to the office of the Auditor General.

### **Personnel Management**

There were several irregularities associated with personnel management including the following:

- Management operated two different salary structure for the period under review where management applied 100% tax deduction on one of the salary structures, while the other salary structure was without tax deduction.
- Management did not adequately maintain personnel records. No automated centralized payroll management system to facilitate the effective payroll management of the entity.
- Payroll journals were not submitted to heads of department/units to review and corroborate salaries to be disbursed to personnel of respective department/unit; no evidence of payment receipts for remittance of employees' and employer contribution made to NASSCORP.
- There was no reconciliation between the personnel listing and the monthly payroll.
- Also, Management did not conduct performance evaluation of its employees and employee who exited the entity were not immediately removed from the payroll.

### **Cash Management**

Irregularities associated with Cash Management included the following: bank reconciliation statement were not prepared for all bank accounts on a monthly basis and there were overdue unrepresented/stale checks reported on the face of some bank reconciliation statements. Non- approval of amended petty cash float. There was no restricted access to the facilitate in which the petty cash were kept.

### **Procurement Management**

Management divided the procurement of goods with the intention of avoiding the applicability of the thresholds of procurement. There was payment without evidence of adequate supporting documents. Also, Management made several third-party payments to employees of the entity rather than making direct payment to service provided. Management did not remit taxes on goods and services. Further, there were irregularities associated with travel expenditures such as travel expenditure were not consistent with the national travel ordinance or approved travel ordinance of the entity, no usage/retirement reports of incidental allowance and not travel activities reports for some travel expenditures. No approve fuel management policy and no fuel distribution and consumption log for vehicles.

### **Fixed Assets Management**

The following irregularities were associated with the management of fixed assets.

The fixed assets register did not contain all relevant columns. The fixed asset register was not regularly updated. Some fixed assets were not coded. There was no periodic physical verification of assets by management. There were no movement of assets form. There was no history of disposal of some assets and fixed assets within a given vicinity were not displayed according to the PFM Act

### **Inventory Management**

- No evidence of automated inventory management system.
- The system to comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.

### **Revenue Management**

The following irregularities were associated with internally generated revenue:

- No evidence of policy to regulate the projection, collection and recording of internally generated revenue
- Internally generated revenue was collected through cash and not deposited in the entity's accounts in a timely manner.
- No evidence of reconciliation between cash collected and cash subsequently deposited in the entity's accounts.
- No evidence of an automated billing system for the generation of invoices for internally generated revenue.
- No evidence of comprehensive periodic internally generated revenue reports.



### **Receivables Management**

- No evidence of account receivables management policy.
- No evidence of account receivables aging analysis.

### **Payable Management**

- No evidence of account payable management policy
- No evidence of account payable aging analysis

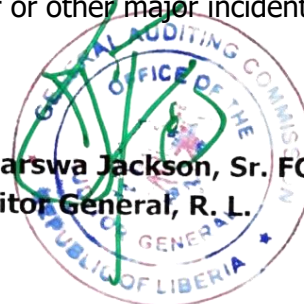
### **Assurance Management**

- No evidence of Internal Charter by the Audit Committee to enhance the independence of the Internal Auditors.
- No evidence of approved Internal Audit plans the comprehensively catalog planned activities of the Internal Audit unit on an annual basis.

### **IT Management System**

- No evidence of a functional IT Governance to guide the structures, processes and practices as well as provide oversight of the IT strategic goals, objectives and activities of the entity.
- No evidence of an IT security management to govern the IT Environment.
- No evidence of program change management to safely implement IT solutions in line with the agreed expectations and outcomes of change management processes.
- No evidence of physical access controls to protect IT assets.
- No evidence of an IT Environmental control.
- No evidence of a logical access control to protect the entity's assets (application, servers, and database) from unauthorized users.
- No evidence of IT Service Continuity plan to ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption.

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



**Monrovia, Liberia**

**July 2024**

## **Auditor General's Report on the System Review of the Financial Management and Accounting Processes of the Judiciary Branch of the Government of Liberia (JBGL) for the Period Ended March 31, 2024.**

### **Introduction**

The Systems Review of the Financial Management and Accounting Processes of the Judiciary Branch of the Government of Liberia (JBGL) was commissioned for the period ended March 31, 2024 by the Auditor-General (AG) under AG's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Review Engagement Terms of Reference (ToR).

The systems review of the Judiciary Branch of the Government of Liberia was completed; and the purpose of this letter is to bring to your attention the findings that were revealed during the systems review.

### **Scope and Determination of Responsibility**

This System Review is a limited assurance engagement rendered for the purpose of assessing the Financial Management Systems and Accounting processes of the entity to determine whether the required systems and controls including policies, procedures and documentation exist, provide recommendations for improvement (where applicable), thereby promoting prudent financial management systems at the Judiciary Branch of Government.

The System Review, which covers the current Financial Management Systems and Accounting processes in place at the Judiciary focuses on, but not limited, to the following areas:

- Administration including personnel management, maintenance, and payroll
- Financial management including accounting policies, budgeting, financial accounting and reporting
- Procurement practices
- Liabilities Management
- Receivables Management
- Internal controls and systems, internal review of assets management including an effective and reliable asset register system.

### **Banking transactions including reconciliations and record keeping:**

- Specific required reconciliation between the Judiciary Branch of the Government of the Republic of Liberia and the Ministry of Finance and Development Planning
- Reconciliation between the Judiciary Branch of the Government of the Republic of Liberia expenditure and Donors expenditure (if applicable)
- Accountable documents and record keeping to support financial management and program execution for the above listed areas
- Organizational structure including stratification of authorization and approval process

- Management reports including variance analysis
- IT system and computerized environment

**The objectives of the system review are:**

- To provide the intended user(s) with information on whether the Judiciary Financial Management Systems and Accounting Processes are adequately designed and consistent with legislative decisions, laws, legislative acts, policies, established codes, and agreed upon terms;
- To gather sufficient and appropriate evidence whether the Judiciary Financial Management Systems and Accounting Processes are adequately designed and in line with relevant legislative decisions, laws, legislative acts, policies, established codes and agreed upon terms.
- To report in terms of the GAC reporting requirements as spelt out in part four (4) of the GAC Act of 2014, the findings to the National Legislature.

This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the review conducted. The review was conducted with the objective of issuing a limited assurance report on the Financial Management Systems and Accounting Processes of the Judiciary.

**Responsibilities of the Auditor General**

The approach used for our system review engagement is derived from the International Standards for Supreme Audit Institution (ISSAI) 100 and International Standard on Assurance Engagements ISAE 3000 (Revised) other than Reviews of Historical Financial Information as well as from legislative decisions, laws, legislative acts, policies, and established laws such as the PFM Act and Regulations, PPCC Act and Regulations, Civil Service Standing Order, Decent Work Act–2015.

Other information used in our approach include the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Control Objectives for Information and Related Technologies (COBIT 2019) and Policies & Procedures identified as criteria relevant to evaluate the Judiciary Branch of Liberia Financial Management System and Accounting Processes. The ISAE standards require that we comply with ethical requirements and plan and perform procedures that convey, through a written report, a limited assurance conclusion on our review.

The review involves performing procedures (including inspecting relevant documents and interviewing relevant staff of the entity) to obtain appropriate evidence whether the Judiciary Financial Management Systems and Accounting Processes are consistent with authorities identified as criteria. The procedures selected depend on the auditor's professional judgment of what the auditor determines necessary in the circumstance.

## **Key Management Personnel**

During the system review, the following key persons managed the affair of the Judiciary. **See detailed below:**

<b>No.</b>	<b>Name</b>	<b>Rank</b>	<b>Time Served</b>
1	Her Hon. Sie-A-Nyene Youh	Chief Justice	September 28, 2022 – Present
2	His Hon. Francis S. Korkpor, Sr	Chief Justice	April 4, 2013 – September 28, 2022
2	Cllr. Elizabeth J. Nelson	Court Administration	June 14, 2013 - Present
3	Cllr. William B. Kollie	Asst. Court Administration	November 3, 2020 – Present
4	Atty. John B. Sarkorh	Comptroller	June 2, 1994– Present
5	Eugene P. Merchant	Chief Accountant	December 1, 2007 – Present
6	Henry B. Kparteh	Budget Director	September 22, 2006 – Present
7	Joyce W.L. Ndowar	Procurement Director	April 4, 2021 – Present
8	Saye M. Zarwolo	Human Resources Director	May 3, 2021 - Present

## **APPRECIATION**

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the Judiciary Branch of the Government of Liberia (JBGL) during the system review.

Thank you as we strive to promote accountability, transparency, fiscal probity and good governance across the Government of Liberia.

## 1 DETAIL FINDINGS AND RECOMMENDATIONS

### 1.1 Governance Issue

#### 1.1.1 Lack of Audit Committee

##### Criteria

- 1.1.1.1 Regulation K.10 of the PFM Act of 2009 as amended and restated 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."
- 1.1.1.2 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

- 1.1.1.3 During our review, we observed no evidence that Management established an audit committee to monitor and address audit matters at the institution as required.

##### Risk

- 1.1.1.4 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of audit committee.
- 1.1.1.5 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

##### Recommendation

- 1.1.1.6 Management should liaise with the relevant authority to establish a functional audit committee. Evidence of periodic meetings minutes and activities reports of the audit committee should be adequately documented and filed to facilitate future review.

##### Management's Response

- 1.1.1.7 *The Judiciary has an Audit Committee. However, the Judiciary note that a meeting minutes of the Audit Committee has not been recorded.*
- 1.1.1.8 *Going forward, the meeting minutes will be recorded and signed.*

##### Auditor General's Position

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

### 1.1.2 No Evidence of a Functional Budget Committee

#### Criteria

- 1.1.2.1 Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019 states that "Every head of government agency shall establish a Budget Committee which shall be responsible for budget formulation, implementation, monitoring and evaluation made up of (a) the head of government agency, who shall be the chairperson; and (b) Heads of budget management centers or cost centers)".

#### Observation

- 1.1.2.2 During our review, we observed no evidence of a functional budget committee.

#### Risk

- 1.1.2.3 In the absence of functional budget committee, effective monitoring and evaluation of revenue and expenditure may be impaired. This may lead to under receipt of budgeted revenue and / or over expenditure.
- 1.1.2.4 Periodic Budget Performance Reports may not be prepared adequately or in a timely manner.
- 1.1.2.5 Management may be non-compliant with Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019.

#### Recommendation

- 1.1.2.6 Management should facilitate the establishment of a functional Budget Committee, evidence by the documentation of attendance records, meeting minutes, and periodic activities reports. Evidence of attendance records, meeting minutes, and periodic activities reports should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.1.2.7 *The Judiciary has a Budget Committee. However, the Judiciary note that a meeting minutes of the Budget Committee has not been recorded.*
- 1.1.2.8 *Going forward, the meeting minutes will be recorded and signed.*

#### Auditor General's Position

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

## **1.2 Budget Management**

### **1.2.1 No Evidence of Approval for Budget Recast**

#### **Criteria**

- 1.2.1.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises, their annual accounts and reports and the Government's annual audited accounts".

#### **Observation**

- 1.2.1.2 During our review, we observed that Management did not obtain the approval from the relevant authorities for amendments/recast to approved budgetary expenditures.

#### **Risk**

- 1.2.1.3 Expenditures may be made on a discretionary basis which may be non-compliant with approved budgets. This may lead to misapplication and/or misappropriation of the entity's funds.

#### **Recommendation**

- 1.2.1.4 Management should facilitate timely approvals by the relevant authorities for amendments to the entity's approved budget. Evidence of approval to re-cast annual budgets should be adequately documented and filed to facilitate future review.

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

- 1.2.1.5 *Noted. Necessary action will be taken going forward.*

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

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

### **1.2.2 Strategic and Operational Plans not Aligned to Budget**

#### **Criteria**

- 1.2.2.1 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.
- 1.2.2.2 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 in order 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 make adjustments to its strategic plans and estimates in order to fulfill the requirements of the Government's macro-economic policy and fiscal framework."

### Observation

- 1.2.2.3 During our review, we observed that the strategic and operational plans were not aligned with approved budgetary expenditures to guide the entity execution of its operations to achieving planned objectives. **See Annexure 1a, b and c for details.**

### Risk

- 1.2.2.4 Approved short, medium and long-term goals of the entity may not be budgeted for, pursued and implemented thereby impairing the achievement of the organization's objectives.
- 1.2.2.5 Non-alignment of the approved annual budgets to the strategic and operational plans may lead to misapplication and misappropriation of the entity's fund.

### Recommendation

- 1.2.2.6 Management should ensure that the strategic and operational plans align with the approved annual budgets before approval by the relevant authorities.
- 1.2.2.7 Management should also facilitate periodic monitoring and evaluation of the approved budgets and ensure that approved activities cataloged in the strategic and operational plans are duly prioritized and implemented. Evidence of periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.2.2.8 *Noted. Based on the experience, the Judiciary has been underfunded making it impossible to align its activities with the budget ceiling provided by the MFDP.*
- 1.2.2.9 *For example, for FY 2024 the Judiciary requested \$31M which would have aligned the strategic plan to the Budget, instead, a budget ceiling in the amount of 17.7M was imposed on the Judiciary by the Executive and a legislative adjustment of 3M for Non-Financial asset and Judges benefits (Non-recurrent Expenditure).*

### Auditor General's Position

- 1.2.2.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.2.2.11 Going forward, Management should facilitate timely adjustments to annual operational plans so that planned annual activities are reflective of approved budget. Evidence of adjustment to annual operational plans should be adequately documented and filed to facilitate future review.



### 1.2.3 No Evidence of Monitoring & Evaluation

#### Criteria

- 1.2.3.1 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated in 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.

#### Observation

- 1.2.3.2 During our review, we observed no evidence of a functional Monitoring and Evaluation Committee (M&E) to provide the required oversight for the full implementation of planned activities within approved timelines, evidenced by the absence of approved annual monitoring & evaluation plans and periodic activities reports.
- 1.2.3.3 Further, we observed no evidence of monitoring and evaluation of activities cataloged in the approved strategic and operational plans.

#### Risk

- 1.2.3.4 In the absence of effective monitoring and evaluation, project deliverables may not be achieved up to approved specifications and within approved timelines.
- 1.2.3.5 Value for money may not be achieved and project resources may be subjected to misapplication and misappropriation.
- 1.2.3.6 Approved activities cataloged in the strategic and operational plans may not be achieved or achieved up to approved specifications and timelines.

#### Recommendation

- 1.2.3.7 Management should facilitate the establishment of a functional Monitoring and Evaluation Committee (M&E), evidence by the documentation of planned annual activities and periodic activities reports. Evidence of approved annual plans and periodic activities reports should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.2.3.8 *Noted.*
- (1) The Judiciary has in place its Court Inspectorate Unit (CIU) to monitor/inspect all courts and make appropriate reports and recommendations to Judicial authorities.*
- (2) In the case of Court Construction – Monitoring and Evaluation activities are always built into the court construction process. Joint Monitoring of court construction has been made by the JUD and MFDP for projects supported by GoL and with Partners when*

*partners are supporting. Going forward, the Judiciary will establish a Standing M&E Committee.*

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

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

## **1.2.4 No Evidence of Quarterly Budget Performance Reports**

### **Criteria**

- 1.2.4.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states that "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises their annual accounts and reports and the Government's annual audited accounts".

### **Observation**

- 1.2.4.2 During our review, we observed that Management operated the entity without evidence of Quarterly Budget Performance Reports for 2024 as required.

### **Risk**

- 1.2.4.3 In the absence of Quarterly Budget Performance Reports, revenue and expenditure may not be reliably measured. This may lead to under receipt of budgeted revenue and/or over expenditure.

### **Recommendation**

- 1.2.4.4 Management should facilitate timely preparation of Quarterly and Annual Budget Performance Reports in line with the PFM Act of 2009.
- 1.2.4.5 Evidence of Quarterly Budget Performance Reports should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.2.4.6 *Noted. However, Budget Performance Report has been provided annually by the Judiciary to the Legislature. Going forward, this report will be done quarterly and annually.*

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

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

## **1.3 Financial Reporting**

### **1.3.1 Non-Functional Automated Financial Management System/Accounting Software**

#### **Criteria**

- 1.3.1.1 Regulation I. A.5 (1) of the PFM Act of 2009 as amended and restated in 2019 states that "A head of government agency shall with the approval of the Minister issue an accounting manual to suit the operations and regulate the financial matters of the Government agency, indicating:
- A. The duties to be performed by specified officers,
  - B. The accounts to be kept and returns to be submitted, and
  - C. Such other instructions as may be required for the proper conduct of the financial matters of the Government agency.
- 1.3.1.2 Furthermore, Regulation I. A.5 (2) of the PFM Act of 2009 as amended and restated in 2019 requires that "the accounting manual shall contain relevant procedures for the keeping of accounts, preparation and format of financial statements, Government agency chart of accounts, and all administrative issues relating to the keeping and preparation of government accounts."

#### **Observation**

- 1.3.1.3 During our review, we observed no evidence of an automated financial management system or an accounting software to facilitate comprehensive, real-time and accurate recording of financial transactions.

#### **Risk**

- 1.3.1.4 The completeness and accuracy of accounting transactions may not be assured. This may lead to misstatement of financial statements of the entity.
- 1.3.1.5 Accounting data security, integrity, completeness and accuracy may be impaired.
- 1.3.1.6 Management may not account for all of its transactions.

#### **Recommendation**

- 1.3.1.7 Management should procure and operationalize a functional accounting software to facilitate complete, accurate and real-time recording of all financial transactions of the entity.
- 1.3.1.8 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.

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

### **Management's Response**

- 1.3.1.10 *Noted. The Judiciary is currently exploring the possibility of digitizing its functions to include Financial Management System/Accounting Software, all of which are part of its strategic plan.*
- 1.3.1.11 *However, the implementation of this objective is dependent on GoL budgetary support.*

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

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

## **1.3.2 Non-Periodic Reconciliation between the Fiscal Outturn Report, IFMIS Records and Disbursement from GoL**

### **Criteria**

- 1.3.2.1 Regulation C. 8 (2) of the PFM Act of 2009 as amended and restated 2019 stipulates that "the head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all subsidies or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".
- 1.3.2.2 Furthermore, Regulation E.1 (a) and (b) of the PFM Act of 2009 as amended and restated 2019 state that:
- a) "Total aggregate allotments for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual appropriations act, amended from time to time through budgetary reallocations made pursuant to Section 25 of the Public Finance Management Act 2009 and Supplementary Appropriations Acts;.
  - b) Total payments for a detailed budget line in a given fiscal year may not exceed the allotments issued against that budget line".

### **Observation**

- 1.3.2.3 During our review, we observed no evidence of Management performing periodic reconciliation between Fiscal Outturn Report, IFMIS records and disbursement from GoL as reported by Management.

### **Risk**

- 1.3.2.4 The completeness and accuracy of expenditures may not be assured. Also, expenditures may be understated.

### **Recommendation**

- 1.3.2.5 Management should conduct periodic reconciliation between the fiscal outturn report and the expenditure report. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.3.2.6 Evidence of periodic reconciliation should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.3.2.7 *Noted. Due to the instability of the IFMIS system at the Judiciary, the periodic reconciliation between the fiscal outturn report, IFMIS records, and disbursement has been a major challenge.*

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

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

## **1.3.3 Discrepancy between the Expenditure Report (JBGL) and Fiscal Outturn Report (MFDP) GoL**

### **Criteria**

- 1.3.3.1 Regulation C. 8 (2) of the PFM Act of 2009 as amended and restated 2019 stipulates that "the head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all subsidies or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".
- 1.3.3.2 Furthermore, Regulation E.1 (a) and (b) of the PFM Act of 2009 as amended and restated 2019 state that:
- "Total aggregate allotments for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual appropriations act, amended from time to time through budgetary reallocations made pursuant to Section 25 of the Public Finance Management Act 2009 and Supplementary Appropriations Acts;
  - Total payments for a detailed budget line in a given fiscal year may not exceed the allotments issued against that budget line".

### **Observation**

- 1.3.3.3 During our review, we observed that the actual expenditure per the entity's financial records did not reconcile with the fiscal outturn report generated by the MFDP. This resulted into a difference of **US\$9,531,920.92. See Table 1 for details.**

**Table 1: Discrepancy Between the Expenditure Report (JBGL) and Fiscal Outturn Report (MFDP) GoL**

Fiscal Period	IFMIS Ledger A	JBGL Financial Statement B	Variance C=(A-B)
2018-2019	21,521,986.73	14,215,176.19	7,306,810.54
2019-2020	14,443,180.47	14,497,914.73	(64,734.26)
2020-2021	17,212,015.44	17,592,974.49	(380,959.05)
2021 Special Budget	8,162,012.04	6,254,901.60	1,907,110.44
2022	20,183,145.54	19,299,196.50	883,949.04
2023	19,199,137.22	19,319,393.01	(120,255.79)
<b>TOTAL</b>			<b>9,531,920.92</b>

### Risk

- 1.3.3.4 The completeness and accuracy of expenditures may not be assured.
- 1.3.3.5 Revenue and expenditures may be misstated.

### Recommendation

- 1.3.3.6 Management should fully account for the variances between the expenditure reports/financial statements and the fiscal outturn reports.
- 1.3.3.7 Going forward, Management should perform periodic reconciliation between the fiscal outturn reports and the expenditure reports/ financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.3.3.8 See attached chat as Appendix 1 below.

Appendix 1

Analysis on GAC query on Discrepancy between IFMIS Budget Execution Summary Report (MFDP) and GAC observations during the System Audit.

Fiscal Period	IFMIS Approp.	IFMIS Actual	GAC Report From IFMIS, B	Variance A-B=C
2018-2023				
2018-2019	17,522,371.00	15,499,927.86	21,521,986.73	-6,022,058.87
2019-2020	14,588,182.00	10,799,938.72	14,443,180.47	-3,643,241.75
2020-2021	17,212,789.13	17,162,048.36	17,212,015.44	-49,967.08
2021 Spec Bud	8,745,397.00	8,160,039.73	8,162,012.04	-1,972.31
2022	20,224,448.00	20,219,137.73	20,183,145.54	35,972.17
2023	19,674,535.00	19,177,174.29	19,319,393.01	-142,218.72
Total	97,967,222.13	91,018,246.67	100,841,733.23	-9,823,486.56

Analysis on GAC query on Discrepancy between Judiciary Financial Statement Report and GAC observations during the System Audit.

Fiscal Period	JUD Appropriation	GAC Report From JUD FS, A	JUD Branch Fin. Stat, B	Variance A-B=C
2018-2023				
2018-2019	17,522,371.00	14,215,176.19	13,665,682.50	549,493.69
2019-2020	14,588,182.00	14,497,914.73	14,869,667.08	371,752.35
2020-2021	17,212,789.13	17,592,974.49	17,448,837.00	144,137.49
2021 Spec Bud	8,745,397.00	6,254,901.60	6,570,131.54	-315,229.94
2022	20,224,448.00	19,299,196.50	19,509,065.79	-609,869.29
2023	19,674,535.00	19,319,393.01	18,913,948.00	405,445.01
Total	97,967,222.13	91,179,556.52	91,327,331.91	-197,775.39

### Auditor General's Position

- 1.3.3.9 We acknowledge Management's assertions and subsequent submission of schedules cataloguing Management analysis of IFMIS ledger and Fiscal Outturn report after our review. Management further asserted reporting other sources of revenue other than GoL annual budgetary contributions. However, Management analysis did not disclose the details of other revenue sources for effective reconciliation and review. Going forward, Management should perform monthly reconciliation among the financial statements, IFMIS ledger and the fiscal outturn report. Variances identify should be investigated and adjusted where applicable in a

timely manner. All sources of revenue other than GoL disbursement should be comprehensively disclosed in the reconciliation statements to facilitate effective reconciliation, review and full disclosures. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

### **1.3.4 General Ledgers, Trial Balance Figures Not Reconciled to Financial Statements Figures**

#### **Criteria**

- 1.3.4.1 Section 36(1) of the Amended and restated Public Financial Management (PFM) Act of 2019 states 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 instruction issued by the Minister".

#### **Observation**

- 1.3.4.2 During our review, we observed that the general ledger provided by the entity was inconsistent to the financial statement. We further observed no evidence of trail balance for the period under review. Thus, we could not reconcile the financial statements to the general ledger and trial balance.

#### **Risks**

- 1.3.4.3 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.3.4.4 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.
- 1.3.4.5 Management may not account for all its transactions.

#### **Recommendation**

- 1.3.4.6 Management should provide substantive justification for the inconsistencies between the general ledger and financial statements.
- 1.3.4.7 Management should adjust the financial statements by the inconsistencies observed between the general ledger and the financial statements.
- 1.3.4.8 Going forward, 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**

- 1.3.4.9 *Noted. Necessary action will be taken going forward especially with the acquisition of the Enterprise Resource Planning Software (ERP).*

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

- 1.3.4.10 Management did not account for the variance between the general ledger and the financial statements and did not subsequently adjust the financial statements as recommended. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.3.5 Submission of Approved Financial Statement to the Offices of the Auditor General and Comptroller & Accountant General**

### **Criteria**

- 1.3.5.1 Regulation C.3 (7) of the PFM Act of 2009 as amended and restated 2019 states that "A Line minister shall ensure the timely preparation of the periodic and annual financial statements and reports of the line ministry and agencies under him in accordance with these regulations and other enactments, and cause these statements and reports to be forwarded to the Minister, the Auditor General and the Comptroller General".

### **Observation**

- 1.3.5.2 During our review, we observed no evidence of submission of the approved annual financial statements to the Offices of the Auditor General and the Comptroller & Accountant General as required by the PFM Act.

### **Risk**

- 1.3.5.3 Management may be non-compliant with Regulation C.3 (7) of the PFM Act of 2009 as amended and restated 2019.
- 1.3.5.4 Management failure to present approved financial statements to the Offices of the Auditor General and the Comptroller & Accountant General may deny stakeholders the reliability of information relevant for decision making.

### **Recommendation**

- 1.3.5.5 Management should ensure that approved Financial Statements are presented to the Offices of the Auditor General and Comptroller & Accountant General three months after the end of the fiscal period in line with the PFM Act.
- 1.3.5.6 Evidence of submission of approved financial statements to the Offices of the Auditor General and Comptroller & Accountant General should be adequately documented and filed to facilitate future review.



### **Management's Response**

- 1.3.5.7 *Financial Statement reports have been submitted in the past to the Comptroller & Accountant General at the MFDP with the expectation that it will be distributed to the Auditor General.*
- 1.3.5.8 *Going forward, a copy of the said financial report will be submitted to both the Comptroller General and the Auditor General.*

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

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

## **1.4 Personnel Management**

### **1.4.1 Irregularities Associated with Approved Salary Scales/Structure**

#### **Criteria**

- 1.4.1.1 Regulation T.3 (1) (d, e and f) of the PFM Act of 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (d) authorized establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

#### **Observation**

- 1.4.1.2 During our review, we observed the following irregularities associated with approved salary scales/structure:
- It is evidence that management operated two different salary structures for the period under review.
  - It was further observed that 100% tax deduction was applied on one of the salary structures; while the other salary structure was without tax deduction.

#### **Risk**

- 1.4.1.3 Failure to withhold and remit PIT may deny GoL of the much-needed tax revenue.
- 1.4.1.4 Salaries may be disbursed and adjustments to payroll may be performed on a discretionary basis. This may lead to misapplication and misappropriation of the entity's funds.

#### **Recommendation**

- 1.4.1.5 Management should provide substantive justification for the two salary structures.
- 1.4.1.6 Going forward, Management should withhold PIT on all disbursement of remunerations and facilitate full remittance of PIT to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.

- 1.4.1.7 Management should ensure that all adjustments to the payroll are approved by the relevant authority, supported by the required documentation and consistent with approved salary structure and the Human Resource policy of the entity.

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

- 1.4.1.8 *As a result of the harmonization, the National Trial Judges of Liberia filed a lawsuit against the Government of Liberia claiming that their allowances and benefits were unlawfully harmonized and so, there was an understanding between the Judiciary and the MFDP regarding the current structure of the Judiciary Payroll consistent with the approved budget.*

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

- 1.4.1.9 Management's assertion did not adequately address the issues raised. Management did not present evidence of an approved salary structure as requested.
- 1.4.1.10 Further, we observed that 50% of the monthly remuneration of staff of the judiciary were not subjected to income tax as required by Section 905 (J) of the Revenue Code of Liberia. Going forward, Management should withhold Personnel Income Tax (PIT) on all disbursement of remunerations and facilitate full remittance of PIT to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia.
- 1.4.1.11 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### **1.4.2 Inadequate Records in Personnel Files**

#### **Criteria**

- 1.4.2.1 Chapter 5.8 of the CSA Standing Order of 2012 states that "the below listed documents make up the employee's file and must remain in the file as part of the employee's records:
- a. Employment Letter
  - b. Resume;
  - c. Credentials;
  - d. Personal data;
  - e. Job description;
  - f. All subsequent warnings or commendation; and
  - g. Annual appraisal forms and related evaluation forms".

#### **Observation**

- 1.4.2.2 During our review, we observed in some instances that Management did not adequately maintain personnel records such as letter of applications, employment letters, credentials, job description, appointment, terms of reference, Police Clearance, Contract (for Contractor/Consultant), Curriculum Vitae, Personnel Action Notice (PAN), etc.

### **Risk**

- 1.4.2.3 Failure to maintain essential personnel records may lead to Management inability to manage or regulate the activities of its personnel effectively.
- 1.4.2.4 Management may recruit staffs that do not meet the required qualification and experience to contribute to the overall objectives of the entity. This may impair the achievement of the entity's objectives.

### **Recommendation**

- 1.4.2.5 Management should ensure that all employees' files are updated to contain essential documents such as letter of applications, letter of employment, contracts, credentials, Term of Reference, police clearances, medical certificates, Personnel Action Notice (PAN), etc. to enable Administration regulate the activities of its personnel effectively.
- 1.4.2.6 Management should institute periodic review/inspection of personnel files to validate the completeness of personnel records.
- 1.4.2.7 Management should institute the electronic document management system by scanning all documents in employees' files and create electronic files for each employee. This control will facilitate more effective document retention and archiving system, along with manual records.

### **Management's Response**

- 1.4.2.8 *Noted. However, the Judiciary is currently updating all of its personnel records in line with GAC recommendation.*

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

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

## **1.4.3 No Automated Payroll Management System**

### **Criteria**

- 1.4.3.1 Section 36(1) of the Public Financial Management (PFM) Act of 2009 states 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 instruction issued by the Minister".

### **Observation**

- 1.4.3.2 During our review, we observed no evidence of an automated centralized payroll management system to facilitate the effective payroll management of the entity. The payroll was managed in MS excel.

### **Risk**

- 1.4.3.3 Data integrity, security and completeness and accuracy of payroll records may be impaired.
- 1.4.3.4 In the absence of a centralized payroll management system, the computation of taxes, other deductions and net salaries may be impaired.
- 1.4.3.5 Management may not account for all its payroll transactions.

### **Recommendation**

- 1.4.3.6 Management should procure and operationalize a functional payroll system to facilitate complete, accurate and real-time recording of all payroll transactions of the entity.
- 1.4.3.7 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 payroll ledger. Going forward, an automated linkage should be created between the payroll ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.4.3.8 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for payroll transactions are scanned, attached to the transactions in the payroll and accounting software, archived and maintained to facilitate future review.

### **Management's Response**

- 1.4.3.9 *Noted. The Judiciary is currently exploring the possibility of digitizing its functions to include Financial Management System/Accounting Software, all of which are part of its strategic plan.*
- 1.4.3.10 *However, the implementation of this objective is dependent on GoL budgetary support.*

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

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

## **1.4.4 Lack of Segregation of Duties in Payroll Management**

### **Criteria**

- 1.4.4.1 According to COSO Framework 2011, paragraph 148, "senior management and the board of directors establish the organizational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the entity. This goal is to provide for clear accountability and information flow within and across the overall entity, and its subunits".

### **Observation**

- 1.4.4.2 During our review, we observed no evidence that monthly payroll adjustments originated from the Human Resource Unit and forwarded to the Finance Unit for processing.
- 1.4.4.3 Additionally, we observed no evidence that the payroll journals were subsequently submitted to heads of department/units to review and corroborate salaries to be disbursed to personnel of respective department/units.

### **Risk**

- 1.4.4.4 Lack of segregation of duties of such key functions may impair check and balances, thereby, leading to misappropriation of the entity's fund.
- 1.4.4.5 Inadequate review of the payroll may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.
- 1.4.4.6 Approved adjustments to the payroll may not be implemented.
- 1.4.4.7 Unauthorized adjustments may be undetected leading to misappropriation of the entity's fund.

### **Recommendation**

- 1.4.4.8 Management should facilitate segregation of duties and check and balances in the preparation of monthly payroll. All adjustments to the payroll should be cataloged by the Human Resource Department and submitted to the Finance Department for processing. Subsequently, the Finance Department should submit the adjusted payroll to the head of each department/units and the Human Resource Department for validation before submission to MFDP for processing (where applicable).
- 1.4.4.9 Evidence of approved monthly payroll journals and all other relevant supporting records should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.4.4.10 *The Judiciary payroll activities are segregated beginning with Human Resources that validate all of the adjustments, and subsequently verified by Finance and Internal Audit and approved by the Court Administrator.*

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

- 1.4.4.11 Management's assertions were not supported by documentary evidence. We observed no evidence that the monthly payroll adjustments were process and approved by the Human Resource Department and subsequent submission and approval of the processed payroll to the head of departments/units to review and corroborate salaries to be disbursed to personnel of respective department/units. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

#### **1.4.5 Non-remittance of NASSCORP'S Contributions**

##### **Criteria**

- 1.4.5.1 Section 89.16(a) of the NASSCORP New Act and published February 13, 2017 states that "The contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the Corporation. Contribution rate shall be total 10% of the total gross remuneration of each employee; 2% under the Employment Injury Scheme payable by the employer; 4% employer contribution and 4% employee contribution to be remitted by the employer."

##### **Observation**

- 1.4.5.2 During our review, we observed no evidence of payment receipts for remittance of employees' and employer contributions made to NASSCORP for the period under review.

##### **Risk**

- 1.4.5.3 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalties and fines.
- 1.4.5.4 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.
- 1.4.5.5 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**

- 1.4.5.6 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis.
- 1.4.5.7 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
- 1.4.5.8 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.
- 1.4.5.9 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.

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

### **Management's Response**

- 1.4.5.11 *This action does not originate from the Judiciary. Going forward, the Judiciary will verify to ensure that employee contributions deducted by MFDP are remitted to NASSCORP during the Period.*

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

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

## **1.4.6 Personnel listing not Reconciled to Payroll**

### **Criteria**

- 1.4.6.1 Regulation T.3 (1) (d, e and f) of the PFM Act of 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (d) authorized establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

### **Observation**

- 1.4.6.2 During our review, we observed no evidence of monthly reconciliation between the personnel listing and the monthly payroll. This resulted into a difference of **132**. **See Table 2 for details.**

**Table 2: Variance Between the Number of Employees on Personal Listing and the Number of Employees on the Payroll**

<b>Number of Employees on personnel Listing</b>	<b>Number of Employees on Payroll</b>	<b>Variance</b>
<b>2100</b>	<b>1968</b>	<b>132</b>

- 1.4.6.3 Further, we observed that the personnel listing did not reconcile to the payroll. We also observed more personnel recorded on the payroll than the number personnel reported on the instructed payroll to the various banks.

### **Risk**

- 1.4.6.4 The lack of a comprehensive personnel listing may impair effective monitoring of employees of the entity.
- 1.4.6.5 Non-reconciliation of the personnel listing to the payroll may lead to illegitimate personnel/ghost being compensated for services not performed.

### **Recommendation**

- 1.4.6.6 Management should account for the variances identified between the personnel listing and approved payroll.
- 1.4.6.7 Management should develop a comprehensive personnel listing cataloging all staff of the entity. The personnel listing should include columns for: date of employment, job title/position, assigned department/section, identification number, qualification, sex, date of birth and basic salary of staff as required by the Standing Orders of the Civil Service.
- 1.4.6.8 Management should perform monthly reconciliation between the personnel listing and the approved payroll. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.4.6.9 Evidence of monthly personnel listing and monthly reconciliation between the personnel listing and the approved payroll should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.4.6.10 *This variance is due to the time it takes to carry out replacement on the payroll by the CSA.*

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

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

## **1.4.7 No Evidence of Approval of Job Description**

### **Criteria**

- 1.4.7.1 The Committee of Sponsoring Organizations (COSO) of the Treadway Commission Framework requires Board's oversight responsibilities including providing advice and direction to management, constructively challenging management, approving policies and transactions, and monitoring management's activities. Consequently, the board of directors is an important element of internal control. The board and senior management establish the tone for the organization concerning the importance of internal control and the expected standards of conduct across the entity.

### **Observation**

- 1.4.7.2 During our review, we observed that Management comprehensively cataloged job descriptions for each personnel at all levels of the organization. However, we observed no evidence of approval of the job description.

### **Risk**

- 1.4.7.3 In the absence of an approved job description for staff, work may be performed on a discretionary basis.
- 1.4.7.4 Clearly defined task for employees may not be established. This may impair the level of service and productivity of staff and the measure of monitoring and evaluating staff performance.



### **Recommendation**

- 1.4.7.5 Management should facilitate the approval of the Competence Profile (Term of Reference) as an indication of official adoption of the document. The approved job description should be included in all employees' employment letter and made available to employees before commencement of service. A formal communication detailing approved job descriptions should be forwarded to all existing staff. The approved job description should be periodically adjusted to reflect the current operations of the entity.
- 1.4.7.6 Management should ensure that employees are familiarized with and capacitated to perform approved job descriptions. Management should facilitate the performance of periodic training to upgrade the capacity of staff to perform approved roles and responsibilities.
- 1.4.7.7 Evidence of approved job description, subsequent adjustments and periodic training of staff should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.4.7.8 *Noted. Going forward, all job descriptions will be approved.*

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

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

## **1.4.8 Non-Monitoring of Attendance Log**

### **Criteria**

- 1.4.8.1 Chapter 5 Section 5.1.1 of the CSA Standing Order of 2012 states that Employees of the Civil Service are normally required to work 5 days per week. Normal working hours are from 8:00 a.m. to 4:00 p. m. subject to the approval of supervisors. A period of one hour is allowed for lunch. No employee is permitted to leave his place of work without the knowledge of his supervisor."

### **Observation**

- 1.4.8.2 During our review, we observed that the daily attendance logs were not adequately supervised or monitored by staff of the Human Resource Department.
- 1.4.8.3 Further, Personnel are processed on the payroll without reference to the signed daily attendance log.
- 1.4.8.4 Additionally, there was no evidence of approved and updated personnel roster.

### **Risk**

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

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

#### **Recommendation**

- 1.4.8.7 Management should ensure that all staff sign the daily attendance records. The daily attendance sheet/biometric records should include the following columns: name of employee, department, position, signatures and time for in and out periods.
- 1.4.8.8 Management should conduct periodic spot checks to ascertain the authenticity of the attendance records. The attendance records including spot checks records should be adequately documented and filed to facilitate future review.
- 1.4.8.9 Management should ensure that personnel attendance records are regularly monitored by a designated staff and that employees should be reprimanded in line with the entity's employees' handbook for failing to report to work.

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

- 1.4.8.10 *The Judiciary has now transitioned to bio-metric fingerprint registration and it is reviewed monthly. Hence, the recommendation has been addressed already.*

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

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

### **1.4.9 No Employees Performance Appraisal**

#### **Criteria**

- 1.4.9.1 Chapter 8, Section 1, reports 8.1.1 of the Civil Servants Standing Order of 2021 provides that "all classified Civil Servants shall have their work performance appraised at the end of the calendar year. Performance Appraisal Reports shall be completed by officers who are the immediate supervisors of those being appraised. Reports shall be made on the standard performance appraisal report form and a copy of which shall be forwarded to the Director General within 15 working days of the end of the calendar year".

#### **Observation**

- 1.4.9.2 During our review, we observed no evidence that Management conducted performance evaluation of its employees during the fiscal periods under review as required.

#### **Risk**

- 1.4.9.3 The lack of periodic performance appraisal may lead to unnoticed and/or consistent poor performance by employee of the entity, thereby impairing the achievement of the entity's objectives.

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

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

### **Recommendation**

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

1.4.9.7 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.

1.4.9.8 Management should solicit post feedback from employees about the fairness of the performance evaluation system and make adjustments where applicable.

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

### **Management's Response**

1.4.9.10 *Performance appraisal has been launched with the training of Judiciary Department Heads to be in the position to appraise their staffers beginning the end of 2024 in line with CSA Standing Order.*

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

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

## **1.4.10 Exited Individual Maintained on Payroll**

### **Criteria**

- 1.4.10.1 Regulations T.8 of the PFM Act of 2009 states that "Unless the effective date is otherwise specified under any other enactment, the effective date shall be in the case of a.
- deceased public officer, the three months following the date of death;
  - convicted officers, the date of conviction;
  - leaves without pay, the date approved for the leave;
  - officers absent without leave, the first day of such absence; or
  - resignation and retirement, the effective date for stoppage shall be the earlier of: date of absence; or date specified on a relevant document."

### **Observation**

- 1.4.10.2 During our review, we observed that in some instances employees who exited the entity were not immediately removed from the payroll due to management ineffective conduct of physical verification of employees at the entity. **See Annexure 2 for details.**

### **Risk**

- 1.4.10.3 Salaries may be disbursed to illegitimate personnel for service not performed.
- 1.4.10.4 Management may be non-compliant with Regulations T.8 of the PFM Act of 2009 as amended and restated 2019.

### **Recommendation**

- 1.4.10.5 Management should ensure that exiting personnel are removed from the payroll within statutory period.
- 1.4.10.6 Going forward, Management should perform periodic (monthly) review of the payroll to ensure that exited personnel had been removed from the payroll within statutory period. Staff maintained beyond approved timeline should be immediately removed from the payroll.

### **Management's Response**

- 1.4.10.7 *Noted, necessary action will be taken going forward.*

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

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

## **1.5 Cash Management**

### **1.5.1 Irregularity Associated with Bank Accounts**

#### **Criteria**

- 1.5.1.1 Regulation R.3 (1) (b-d) of the PFM Act of 2009 as amended and restated 2019 states that "Bank Accounts for Ministries and Government Agencies (1) When ordering the opening of a bank account for a Ministry or a Government Agency, the Comptroller-General under instruction from the Minister, shall communicate to the bank and the head of government agency, the conditions under which the account will be operated, which shall include: (b) A requirement that all Checks shall be signed by at least two officers, (c) No officer shall sign any check which has not been fully completed in all respects . (d) Names and specimen signatures of officers authorized to sign Checks on the bank account;"

#### **Observation**

- 1.5.1.2 During our review, we observed a signatory (the former Deputy Court Administrator) to the accounts was not part of the current senior management team but yet maintained on the current signature mandate.

### **Risk**

- 1.5.1.3 Exited signatory not removed from bank account mandate may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.
- 1.5.1.4 Unauthorized signatories may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.

### **Recommendation**

- 1.5.1.5 Management should ensure that former Deputy Court Administrator is immediately removed from the signature mandate.
- 1.5.1.6 Management should formally communicate with all banking institutions to disclose all the entity's bank accounts maintained by the banking institutions, the status of the bank accounts, signatories to the accounts and the bank statements for reasonable periods.
- 1.5.1.7 Subsequently, Management should review the bank statements for unusual transactions, investigate and resolve unusual transactions, authorize the immediate closure of all inactive bank/mobile money accounts and regularize the signatories to reflect current senior management team.
- 1.5.1.8 Management should also ensure that the relevant segregation of duties over processing banking transactions are initiated and operationalized. Levels of signatures for banking transactions should be created consistent with the approved financial manual of the entity.

### **Management's Response**

- 1.5.1.9 *Noted, action has been taken. See Attached, the action as Appendix 2.*

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

- 1.5.1.10 We acknowledge Management's acceptance of our finding and recommendations and subsequent removal of the former Deputy Court Administrator from the signature mandate.

## **1.5.2 Irregularities Associated with Bank Reconciliation**

### **Criteria**

- 1.5.2.1 Regulation R.3 (6) of the PFM Act of 2009 as amended and restated 2019 states 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 reference to the date and number thereof".

### **Observation**

- 1.5.2.2 During our review, we observed the following irregularities associated with the preparation of monthly bank reconciliation statements for the periods under review:

- Bank reconciliation statements were not prepared for all bank accounts on a monthly basis
- There were overdue unpresented/stale checks reported on the face of some bank reconciliation statements
- Some bank reconciliation statements were not signed

### **Risk**

- 1.5.2.3 Failure to prepare/inadequate preparation of bank reconciliation statements may lead to untimely detection of errors or omissions and fraud.
- 1.5.2.4 Outstanding checks for more than six (6) months may lead to misstatement of expenditure and subsequently the financial statements.
- 1.5.2.5 Management may not fully account for all of its transactions.

### **Recommendation**

- 1.5.2.6 Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity.
- 1.5.2.7 Monthly bank reconciliation should be prepared and reviewed by personnel with the relevant qualification, experience and seniority (where applicable).
- 1.5.2.8 Management should perform a comprehensive review of all outstanding cheques issued beyond the statutory period, notify legitimate payees to return overdue legitimate cheques, cancel/perforate the overdue cheques and reissue same consistent with Regulation R.7 of the PFM Act of 2009 as Amended and Restated 2019. The cashbook should be adjusted accordingly to reflect the reversals and the comprehensive details of the new cheques issued.
- 1.5.2.9 Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.5.2.10 *Going forward, the Chief Accountant will ensure that all operational accounts of the Judiciary are reconciled, reviewed and signed by the Chief Accountant and approved by the comptroller before filing.*

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

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

### 1.5.3 Non-Approval of Amended Petty Cash Float

#### Criteria

- 1.5.3.1 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

- 1.5.3.2 During our review, we observed no evidence of approval of amendment to the Petty Cash float: from US\$200 to LR\$500,000.00.

#### Risk

- 1.5.3.3 The float of petty cash transactions may be determined/processed on a discretionary basis.
- 1.5.3.4 Management may be non-compliant with the approved petty cash policy of the entity.

#### Recommendation

- 1.5.3.5 Management should facilitate the immediate approval of the amendment to the petty cash float from US\$200 to LR\$500,000.00.
- 1.5.3.6 Evidence of approved amended petty cash policies and procedures should be adequately documented and filed to facilitate future review.

#### Management's Response

- 1.5.3.7 *Noted. All of the necessary actions have been taken, awaiting the Chief Justice's approval.*

#### Auditor General's Position

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

### 1.5.4 Irregularities Associated with Petty Cash

#### Criteria

- 1.5.4.1 Regulation S.2 (2) of the PFM Act of 2009 as amended and restated in 2019 states: "Strong rooms, safes or strong boxes provided for the safe custody of public moneys and valuables in a government agency's departments and offices in which such moneys or valuables are received and retained either temporarily or permanently, shall be fitted with two different locks, the keys or combinations of which shall be held by the head of government agency and the Controller".

#### Observation

- 1.5.4.2 During our review, we observed the following irregularities associated with petty cash of the entity:

- Petty cash and near cash items (such as cheques, fuel coupons and calling cards etc) were kept in a metallic safe but the facility was not protected by a metallic door
- There was no restricted access to the facility in which the petty cash was kept.

### **Risk**

- 1.5.4.3 Petty cash may be susceptible to theft if maintained in an unsafe facility or exposed to unauthorized personnel.

### **Recommendation**

- 1.5.4.4 Management should ensure that the facility used for storage of petty cash is protected by a metallic door and that petty cash should be maintained in an exclusive vicinity. Management should also ensure that the facility is restricted to authorized persons at all times.

### **Management's Response**

- 1.5.4.5 *Appropriate action will be taken in line with the recommendation.*

- 1.5.4.6 *Hence, your recommendation is noted.*

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

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

## **1.5.5 No Overdraft Facility/Agreement**

### **Criteria**

- 1.5.5.1 Regulation R.3 of the PFM Act of 2009 as amended and restated 2019 states: (1) When ordering the opening of a bank account for a Ministry or a Government Agency, the Comptroller-General under instruction from the Minister, shall communicate to the bank and the head of government agency, the conditions under which the account will be operated, which shall include: (a) Prohibition of overdraft on the bank account; (b) A requirement that all Checks shall be signed by at least two officers, (c) No officer shall sign any check which has not been fully completed in all respects. (d) Names and specimen signatures of officers authorized to sign Checks on the bank account; and (e) A requirement for the Bank to provide the Head of Government Agency with monthly bank statements on the account.

### **Observation**

- 1.5.5.2 During our review, we observed that Management operated overdraft facilities without approval from the Comptroller and Accountant General evidenced by two overdrawn bank accounts: a) Judiciary Allowance Accounts - (US\$843.98); Judiciary Allowance Accounts - (L\$891,239.20) as at March 31, 2024.

### **Risk**

- 1.5.5.3 Management may be non-compliant with Regulation R.3 of the PFM Act.



- 1.5.5.4 Obtaining and usage of overdraft facility without the Comptroller and Accountant General's approval may lead to misappropriation of the entity's funds. Continuous acquisition of overdraft facilities without a specified justification may lead to significant interest payments and uncontrolled expenditures.

#### **Recommendation**

- 1.5.5.5 Consistent with Regulation R.3 of the PFM Act, Management should obtain the approval of the Comptroller and Accountant General before operating overdraft facilities. Funds from approved overdraft facility should only be used for intended purposes consistent with the PFM Act as amended and restated 2019.
- 1.5.5.6 Evidence of approval by the Comptroller and Accountant General for acquisition of overdraft facilities should be adequately documented and filed to facilitate future review.

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

- 1.5.5.7 *This issue came as an error of the bank but, it has since been corrected by the bank. For Example, the May salary for the amount of USD43,984.57 which was deposited on May 30, 2024, was debited against the Judiciary's account instead of credit, thus putting the Account in an overdraft of USD45,053.38.*
- 1.5.5.8 *See attached, both the April and May account statements of the Judiciary's allowance of The Afriland Bank to prove the irregularities of the bank marked Appendix 3.*

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

- 1.5.5.9 We acknowledge Management's assertion and subsequent submission of documentary evidence after our review. However, Management should ensure that bank reconciliations are performed on a monthly basis. Errors and variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.5.5.10 Further, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management. Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner.

### **1.5.6 Payment Vouchers not Pre-numbered**

#### **Criteria**

- 1.5.6.1 Regulations P.9 of the PFM Act of 2009 as amended and restated 2019 states that" (1) All disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers. All payment vouchers shall be typewritten or made out in ink or ball point pen and shall contain or have attached 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**

- 1.5.6.2 During the system review, we observed that all payment vouchers prepared by Management for the disbursement of funds were not pre-numbered.

### **Risk**

- 1.5.6.3 Failure to ensure that payment vouchers are pre-numbered may lead to duplication of vouchers numbers. This may lead to duplication of payments for the same transactions.

### **Recommendation**

- 1.5.6.4 Management should ensure that payment vouchers are pre-numbered and in sequential order.

### **Management's Response**

- 1.5.6.5 *Noted. The pre-numbering voucher system will be printed.*

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

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

## **1.6 Procurement Management**

### **1.6.1 Irregularities Associated with Procurement Management**

#### **Criteria**

- 1.6.1.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".
- 1.6.1.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating

bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission”.

### **Observation**

1.6.1.3 During our review, we observe the following irregularities associated with the procurement system:

- There was no evidence of bid evaluation panel.
- There was no evidence of approved bid evaluation reports by the procurement committee.
- There was no evidence of first quarter activities report submitted to PPCC for 2024.

### **Risk**

1.6.1.4 In the absence of a functional procurement committee, the entity's procurement processes may be discretionary.

1.6.1.5 In the absence of the first quarter procurement activities reports, Management may be in noncompliance with the PPC Act of 2005 as amended and restated in 2010.

1.6.1.6 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.

### **Recommendation**

1.6.1.7 Management should establish a functional procurement committee evidence by the documentation of meeting minutes and periodic reports.

1.6.1.8 Management should facilitate the preparation and submission of quarterly procurement activities reports to the PPCC as required by the PPC Act of 2005 as amended and restated in 2010.

1.6.1.9 Evidence of approved quarterly procurement activities reports, and all relevant supporting procurement records should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.6.1.10 *This could be an oversight from the Auditor. All relevant documentation was exhibited during the audit. Please find attached as appendix 4.*

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

1.6.1.11 We acknowledged Management's assertion and subsequent submission of supporting documents after our review. However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

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

## 1.7 Splitting of Procurement

### Criteria

- 1.7.1.1 Part V Section 46 paragraph (2) of the Public Procurement Concession Act, 2005, as amended in 2010, requires that "it is not permitted artificially to divide procurement with the intention of avoiding the applicability of the Thresholds to procurement."

### Observation

- 1.7.1.2 During our review, we observed from selected payments that Management appeared to divide the procurement of goods value at **US\$24,654.38**. See table 3 below for details.

**Table 3: Splitting of Procurement**

No	Date	Payee	Description	Voucher #	Check#	Amount (US\$)
1	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-079		9,217.13
	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-080		8,147.25
	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-081		7,290.00
	<b>TOTAL</b>					<b>24,654.38</b>

### Risk

- 1.7.1.3 Splitting of procurement for similar purpose/project may facilitate non compliance with the required procurement method, National Competitive Bidding (NCB).
- 1.7.1.4 In the non-usage of the required procurement method, value for money may not be achieved.

### Recommendation

- 1.7.1.5 Management should adequately comply with the required procurement method to ensure that value for money is achieved.

### Management's Response

- 1.7.1.6 *Noted, appropriate action will be taken going forward.*

### Auditor General's Position

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

## 1.7.2 Payment without Evidence of Adequate Supporting Documents

### Criteria

- 1.7.2.1 Regulation P.9 (2) of the PFM Act of 2009 as Amended and Restated 2019 states that

"Payments except for statutory transfers and debt services shall be supported by invoices, bills and other documents in addition to the payment vouchers."

### **Observation**

- 1.7.2.2 During our review, we observed no evidence of adequate supporting documents such as; payment vouchers, invoices, delivery notes, etc. for various expenditures. **See Annexure 3 for details.**

### **Risk**

- 1.7.2.3 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.7.2.4 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.
- 1.7.2.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.7.2.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

### **Recommendation**

- 1.7.2.7 Management should fully account for expenditure made without adequate supporting documents.
- 1.7.2.8 Going forward, Management should ensure 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.

### **Management's Response**

- 1.7.2.9 *Noted, appropriate action will be taken going forward.*

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

- 1.7.2.10 Management did not account for transactions without adequate supporting documents cataloging in annexure 3 below as recommended. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### **1.7.3 Third Party Payments made to Employees of the Entity**

#### **Criteria**

- 1.7.3.1 Regulation B. 28 of the PFM Act of 2009 as amended and restated in 2019 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

#### **Observation**

- 1.7.3.2 During our review, we observed that Management made several third-party payments to employees of the entity rather than making direct payment to service providers or their legally authorized representatives. **See Annexure 4 for details.**

#### **Risk**

- 1.7.3.3 Paying cash to employee for subsequent disbursement to vendors may facilitate misappropriation of funds.
- 1.7.3.4 This practice may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

#### **Recommendation**

- 1.7.3.5 Management should initiate and complete all procurement processes as required by the PPC and the Public Financial Management Acts.
- 1.7.3.6 All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.
- 1.7.3.7 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

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

- 1.7.3.8 *Noted, appropriate action will be taken going forward.*

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

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

### **1.7.4 Non-Remittance of GST**

#### **Criteria**

- 1.7.4.1 Section 905 (J) and (M) of the Revenue Code of Liberia Act of 2000 states: (j) "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."

### **Observation**

- 1.7.4.2 During our review, we observed no evidence of goods & services tax (GST) (2% or 4% for goods, 10% and 15% for service and consultancy of resident and non-resident respectively and 1% for petroleum products) being remitted into GoL Revenue Account for the purchase of goods and services.

### **Risk**

- 1.7.4.3 Failure to remit GST may deny GoL of the much-needed tax revenue.
- 1.7.4.4 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.
- 1.7.4.5 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

### **Recommendation**

- 1.7.4.6 Management should provide substantive justification for not remitting GST.
- 1.7.4.7 Going forward, Management should withhold GST on all goods and services procured and facilitate full remittance of GST to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.7.4.8 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**

- 1.7.4.9 *Noted, the recommendation is being implemented.*

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

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

## **1.7.5 No Job Completion Certificates**

### **Criteria**

- 1.7.5.1 Regulation P.9 (2) of the PFM Act of 2009 as amended and restated 2019 states that "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers". **See Annexure 5 for details.**

### **Observation**

- 1.7.5.2 During our review, we observed that Management authorized several payments for goods and services without evidence of job completion certificates for services completed to validate the authenticity of the transactions and receipt of goods and service delivered.

### **Risk**

- 1.7.5.3 In the absence of delivery notes, payments may be made for goods not received or the approved quantity and specifications of goods may not be received.
- 1.7.5.4 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of public funds.
- 1.7.5.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.7.5.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.
- 1.7.5.7 Management may be non-compliant with Regulation P.9 (2) of the PFM Act of 2009 as amended and restated 2019.

### **Recommendation**

- 1.7.5.8 Management should ensure that delivery notes are received for all goods procured to validate that goods paid for including the required specifications were delivered to the end user. (The delivery note should be uniquely coded to reflect the specific transactions).
- 1.7.5.9 Delivery orders should be signed by the vendors, the procurement officer, storeroom officer and an internal auditor/assurance officer.
- 1.7.5.10 Management should ensure that job completion certificates are submitted by vendors/consultants upon the completion of all services. Management should facilitate the timely review of all completed services against approved specifications/contracts and approve the job completion certificates accordingly.
- 1.7.5.11 Evidence of delivery notes for all goods received and job completion certificates for all services performed should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.7.5.12 *Noted, Appropriate action will be taken.*

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

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

## **1.7.6 Irregularities Associated with Travel Expenditures**

### **Criteria**

- 1.7.6.1 Section 15 of the GoL Revised Travel Ordinance of 2016/2017 states that "The Speaker of the



House of Representatives and the Chief Justice of the Supreme Court shall be given in addition to the entitled accommodation and per diem an Incidental Allowance of US\$350 for each day of stay abroad for extra accommodation charges and other incidental expenses irrespective of the country he/she is traveling to”.

1.7.6.2 Section 29 of the GoL Revised Travel Ordinance 2016/2017 states that “Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the second granted with the specific written approval of the official concerned, explaining the reasons thereof”.

1.7.6.3 During our review, we observed the following irregularities associated with travel expenditures:

- Rates for travel expenditures were not consistent with the national travel ordinance.
- No evidence of usage/retirement reports of incidental allowances
- No evidence of travel activities reports for some travel expenditures. **See table 4 below for details**

Table 4: Irregularities Associated with Travel Expenditures								
No	Date	Payee	Description	Voucher #	GoL Travel Ordinance Rate (Incidental)	Entity Travel Rate (Incidental)	Variance (USD)	Comments
<b>Foreign Travel</b>								
1	Jan. 29, 24	Her Hon. Sie-A-Nyene G. Yuoh	Foreign Travel to Istanbul, Republic of Turkey for Medical Check up	201-643	(350.00 x 16days)=5,600.00	5,600.00	-	No Retirement and Travel Activities Reports
2	Feb. 3, 23	Her Hon. Sie-A-Nyene G. Yuoh	Foreign Travel to Ghana, Accra for brief visit	201-006	(350.00 x 8days)=2,800.00	10,000.00	7,200.00	Variance Associated with Incidental Allowance, no Retirement and Travel Activities Reports

### **Risk**

1.7.6.4 Non-compliance with the national travel ordinance may lead to misappropriation of public funds. Travel expenditures may be disbursed above the approved rates.

1.7.6.5 In the absence of travel activities reports, travel expenditure may be utilized for unapproved activities.

### **Recommendation**

1.7.6.6 Management should utilize the national travel ordinance for computation of all travel related expenditures. Alternatively, Management should develop, approve and operationalize a travel ordinance for the entity.

1.7.6.7 Evidence of all travel expenditures records including travel settlement forms, original copies of receipts and travel activities reports should be adequately documented and filed to facilitate future review.

### **Management's Response**

- 1.7.6.8 *Section 13.4.1 of the Liberian Codes Revised, title 17, vol. IV, page 145 says, "The salaries of Justices, judges, and stipendiary magistrates shall be fixed by statute and shall be provided by Annual budgetary appropriation. The salary to be provided for the Chief Justice of the Supreme Court shall be the same as that of the Vice President". By parity of reasoning, Benefits should be the same for both officials.*

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

- 1.7.6.9 Management's assertion did not adequately address the issues raised. The law mentioned is not consistent with the National Travel Ordinance. The National Travel Ordinance also specified travel expenditure rates to be utilized in computing travel expenditures for the Chief Justice of Liberia. Going forward, Management should utilize the National Travel Ordinance for computation of all travel related expenditures. Alternatively, Management should develop, approve and operationalize a travel ordinance for the entity. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.7.7 Irregularities Associated with Fuel Management**

### **Criteria**

- 1.7.7.1 Regulations A.3 (1) of the PFM Act of 2009 states that "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."

### **Observation**

- 1.7.7.2 During our review, we observed the following irregularities associated with fuel management:
- No approved fuel management policy.
  - No evidence of fuel distribution and consumption log for vehicles.

### **Risk**

- 1.7.7.3 Fuel may be procured and distributed on a discretionary basis, in the absence of a policy.
- 1.7.7.4 Fuel procured may not be based on actual consumption.
- 1.7.7.5 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.

### **Recommendation**

- 1.7.7.6 Management should develop, approve and operationalize a policy on fuel procurement, distribution, consumption and ensure that proper records are maintained.

- 1.7.7.7 Management should ensure that fuel expenditures are consistent with the approved annual procurement plan and budget. All unplanned fuel expenditures should be approved by the relevant authority before disbursement.
- 1.7.7.8 Management should maintain a fuel consumption and distribution log to aid the entity manage cost and inform future purchase. All unutilized fuel allocation should be duly accounted for, carry forward to subsequent period and factor in the subsequent procurement of fuel.
- 1.7.7.9 Evidence of approved fuel policy and all other fuel procurement, consumption and distribution records should be adequately filed to facilitate future review.

### **Management's Response**

- 1.7.7.10 *Noted. The policy is being developed to address in line with Regulation A.3 (1) of the PFM Act of 2009.*

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

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

## **1.8 Fixed Assets Management**

### **1.8.1 Irregularities Associated with Fixed Assets Management**

#### **Criteria**

- 1.8.1.1 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**

- 1.8.1.2 During our review, we observed that the following irregularities were associated with the entity's Fixed Assets Management System: The fixed assets register did not contain all the relevant columns.
- The fixed assets register did not contain all relevant columns
  - The fixed assets register was not regularly updated.
  - Some fixed assets were not coded
  - There was no evidence of periodic physical verification of assets by Management
  - There was no evidence of movement of assets form.
  - There was no history of disposal of some assets
  - Fixed assets within a given vicinity were not displayed as required by the PFM Act.

### **Risk**

- 1.8.1.3 Fixed Assets may be misstated (Over/understated).
- 1.8.1.4 Assets may be damaged or impaired but their values are still on the books.
- 1.8.1.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.8.1.6 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.8.1.7 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.
- 1.8.1.8 Assets not coded may be susceptible to theft or diverted to personal use.

### **Recommendation**

- 1.8.1.9 Management should operationalize the approved fixed asset management policy to regulate fixed assets activities of the entity.
- 1.8.1.10 Management should ensure that the fixed assets register is updated to reflect the following; description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.8.1.11 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.
- 1.8.1.12 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.
- 1.8.1.13 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.8.1.14 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.8.1.15 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 location of assets.

### **Management's Response**

- 1.8.1.16 *Noted, appropriate action will be taken.*

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

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

## **1.9 Inventory Management**

### **1.9.1 No Automated Inventory Management System**

#### **Criteria**

- 1.9.1.1 Regulation U.7 (2) of the PFM Act of 2009 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government inventories.

#### **Observation**

- 1.9.1.2 During our review, we observed no evidence of automated inventory management system comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.

#### **Risk**

- 1.9.1.3 Inventory may not be duly accounted for in the absence of a comprehensive and automated inventory management system.
- 1.9.1.4 Inventory may be misappropriated leading to decline in operational activities.

#### **Recommendation**

- 1.9.1.5 Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.

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

- 1.9.1.6 *Noted. The Judiciary is currently exploring the possibility of digitizing its functions to include Financial Management System/Accounting Software, all of which are part of its strategic plan.*
- 1.9.1.7 *However, the implementation of this objective is dependent on GoL budgetary support.*

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

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

## **1.10 Revenue Management**

### **1.10.1 Irregularities Associated with Internally Generated Revenue**

#### **Criteria**

- 1.10.1.1 Regulation O.1.1&2 of the PFM Act of 2009 as restated in 2019 states “(1) All government agencies shall provide in their annual budgetary estimates, their expected revenue collections and internally generated funds. (2) A head of government agency is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their agencies, departments or office”.

#### **Observation**

- 1.10.1.2 During our review, we observed the following irregularities associated with internally generated revenue:
- No evidence of policy to regulate the projection, collection and recording of internally generated revenue
  - Internally generated revenue was collected through cash and not deposited in the entity's accounts in a timely manner.
  - No evidence of reconciliation between cash collected and cash subsequently deposited in the entity's accounts.
  - No evidence of an automated billing system for the generation of invoices for internally generated revenue.
  - No evidence of comprehensive periodic internally generated revenue reports.

#### **Risk**

- 1.10.1.3 Internally generated revenue may be projected, collected and reported on a discretionary basis.
- 1.10.1.4 The completeness and accuracy of revenue may not be assured; therefore, the financial statements may be misstated.
- 1.10.1.5 Management may not fully account for activities/assets of the entity.
- 1.10.1.6 All collections of fees for services may not be deposited in the entity's bank account.
- 1.10.1.7 Internally generated revenue may be susceptible to theft.
- 1.10.1.8 Fees of service may be charged above or below the approved listing.

#### **Recommendation**

- 1.10.1.9 Management should develop, approve and operationalize a policy to regulate the projection, collection and reporting of internally generated revenue. As part of the policy, Management should develop approved fees for service. Fees for service should be displayed at visible

location at centers for the collection of internally generated revenue. Management should also ensure that approved fees for service is consistent with fees charged to customers evidenced by fees reported on invoices and receipts.

- 1.10.1.10 Management should ensure that all sources of internally generated revenue are comprehensively cataloged, projected and reported in the entity's approved internal budget.
- 1.10.1.11 All internally generated revenue should be paid directly by customers in the entity's designated bank accounts and subsequently remitted in approved allocation in the general revenue account.
- 1.10.1.12 Management should perform periodic reconciliation amongst the invoices, receipts, deposit slips and bank statements used in the collection of internally generated revenue. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.10.1.13 Management should facilitate the preparation of comprehensive periodic internally generated revenue collection reports.
- 1.10.1.14 Evidence of approved policy, periodic reconciliation, periodic reports and other supporting records including invoices, receipts, deposit slips and bank statements should be adequately documented and filed to facilitate future review.
- 1.10.1.15 Going forward, Management should procure and operationalize an automated billing system to facilitate comprehensive collection of internally generated revenue. The billing system should be programmed to generate invoices, interfaced with the banking system, and subsequent generation of receipts. Inputs entered into the system by a junior staff should be reviewed and approved by senior personnel before the system generates invoices and receipts. The billing system should also be interfaced with the accounting software (financial reporting systems).

### **Management's Response**

- 1.10.1.16 *Noted, Court Costs, Fees, and Fines scheduled, and the Financial Autonomy Act are the basis for revenue generation. Going forward, there is a need to harmonize the revenue collection Process with the LRA.*

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

- 1.10.1.17 Management assertions did not adequately address the issues raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

## **1.11 Receivables Management**

### **1.11.1 No Evidence of Account Receivables Management Policy**

#### **Criteria**

- 1.11.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."

#### **Observation**

- 1.11.1.2 During our review, we observed no evidence of account receivables management policy.

#### **Risk**

- 1.11.1.3 Receivables may be accrued, collected and written-off on a discretionary basis. This may lead to the under collection or misstatement of receivables.
- 1.11.1.4 The completeness and accuracy of receivables may not be assured; therefore, the financial statements may be misstated.

#### **Recommendation**

- 1.11.1.5 Going forward, Management should develop, approve and operationalize 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 provision for adjustment and write-off of accounts receivables consistent with required regulations.
- 1.11.1.6 Account receivables should be recorded in a comprehensive, accurate and timely manner consistent with the financial reporting framework. Revenue/receivable should be recognized upon issuance of invoice and subsequent completion of service (where applicable). Receivables should be disclosed in the notes to the financial statements.
- 1.11.1.7 Management should establish 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.
- 1.11.1.8 Management should ensure that Accounts Receivable Aging Analysis is included in the notes to the financial statements.



- 1.11.1.9 Management should periodically analyze account receivables to identify slow moving and or impaired receivables and adjust/write-off consistent with policy. All receivables write-off should be reviewed and approved by the relevant authority before execution.
- 1.11.1.10 Management should perform periodic reconciliation of receivable balances by reconciling accounts receivable ledgers to customers' statements, receivable confirmation, and the receivable aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

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

- 1.11.1.11 *Not applicable to the Judiciary.*

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

- 1.11.1.12 Management assertions did not adequately address the issues raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

### **1.12 Payable Management**

#### **1.12.1 No Evidence of Payable Management Policy**

##### **Criteria**

- 1.12.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."
- 1.12.1.2 PFM Regulations O.1(Paragraph 3) of the PFM Act of 2009 requires that 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 which are due and that adequate measures are taken to obtain payment.
- 1.12.1.3 Furthermore, Regulations O.21 (Paragraph 1-3) of the PFM Act of 2009 requires that Government Agency revenue collectors shall keep records of moneys 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, 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.

### **Observation**

- 1.12.1.4 During our review, we observed no evidence of account payable management policy.

### **Risk**

- 1.12.1.5 Payables may be incurred, paid and written-off on a discretionary basis. This may lead to the over payment or misstatement of payables.
- 1.12.1.6 The completeness and accuracy of payables may not be assured; therefore, the financial statements may be misstated.
- 1.12.1.7 Fair presentation and full disclosures may be impaired when payables are recorded in the wrong accounting period. payables balance and subsequently the financial statements may be misstated.

### **Recommendation**

- 1.12.1.8 Going forward, Management should develop, approve and operationalize payables management policy to regulate the recognition, disbursement, adjustment and management of accounts payables. The policy should include a specified period for follow-up on credit payments and clearly defined actions to be undertaken for prioritizing payments. The policy should also include provision for adjustment and write-off of accounts payables consistent with required regulations.
- 1.12.1.9 Account payables should be recorded in a comprehensive, accurate and timely manner consistent with the financial reporting framework. Payables should be recognized upon receipt of invoice and subsequent receipts of goods or service. Payables should be disclosed in the notes to the financial statements.
- 1.12.1.10 Management should establish payables aging analysis to monitor the age of payables and implement the specified actions to be taken based on the age of the credits consistent with the payables management policy. The schedule should contain the following: names of the payees, address of the payees, contacts of payees, date of recognition, initial invoice, payments, additional invoices, current payables balance, and age grouping.
- 1.12.1.11 Management should periodically analyze account payables to identify overdue payables and adjust/write-off consistent with policy. All payables write-off should be reviewed and approved by the relevant authority before execution.
- 1.12.1.12 Management should perform periodic reconciliation of payables balances by reconciling accounts payables ledgers to vendors' statements, payables confirmation, and the payables aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

## **Management's Response**

- 1.12.1.13 *The Government of Liberia is currently using cash-based accounting of which the Judiciary is Of no exception.*

## **Auditor General's Position**

- 1.12.1.14 We acknowledge Management's assertion relative to the use of the IPSAS Cash Basis Financial Reporting Framework, thereby limiting the need for Accounts Receivables and Accounts Payables disclosures. However, the IPSAS Cash Basis Financial Reporting Framework was approved by the Government of Liberia for subsequent adoption and transition to the IPSAS Accrual. To facilitate the efficient roll-out as planned, the disclosures of Accounts Receivables and Accounts Payables are required and thereby encouraged.
- 1.12.1.15 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

## **1.13 Assurance Management**

### **1.13.1 No Evidence of Approved Internal Audit Charter**

#### **Criteria**

- 1.13.1.1 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".
- 1.13.1.2 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."
- 1.13.1.3 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**

- 1.13.1.4 During our review, we observed no evidence of an approved internal audit charter by the audit committee to enhance the independence of the internal auditors at the entity.

### **Risk**

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

### **Recommendation**

- 1.13.1.6 Management should develop an Internal Audit Charter and submit same to the audit committee (when constituted and operationalized) for subsequent review and approval.
- 1.13.1.7 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**

- 1.13.1.8 *Going forward, the Judiciary will ensure the Internal Audit Charter is approved.*

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

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

## **1.13.2 No Evidence of Approved Internal Audit Plan**

### **Criteria**

- 1.13.2.1 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**

- 1.13.2.2 During our review, 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**

- 1.13.2.3 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.
- 1.13.2.4 Internal and external audit recommendations may not be follow-up on and implemented in a timely manner.

## **Recommendation**

- 1.13.2.5 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 functions, 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 audit committee (when constituted and operationalized) for approval.

## **Management's Response**

- 1.13.2.6 *Going forward, the Judiciary will ensure the Internal Audit Plan is approved.*

## **Auditor General's Position**

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

## **1.14 IT Management System**

- 1.14.1.1 The Information Technology (IT) internal controls are critical mechanisms that ensure the integrity and security of an entity information systems. They are designed to protect assets, ensure data accuracy, and promote operational efficiency. IT internal controls encompass a range of practices, from simple password protections to complex governance and risk compliance frameworks. The implementation of IT controls is guided by various standards and frameworks, such as COBIT, COSO, ITIL, ISO 27001, and ISO 9000, which provide structured approaches to managing IT risks. With the increasing reliance on digital infrastructure, the importance of robust IT internal controls cannot be overstated. They serve as a defense against cyber threats, safeguard sensitive information, and support compliance with regulatory requirements. As technology evolves, so does the landscape of IT internal controls, with automation and continuous monitoring becoming integral components of a proactive IT governance strategy.
- 1.14.2 The assessment of the Judiciary Branch IT infrastructure is a crucial step towards modernizing and securing Judiciary processes. the below listed comprehensive approach of the internal controls together will strengthen the IT infrastructure of the Judiciary Branch. The component of IT internal controls are:
- **IT governance** is essential for aligning IT strategies with organizational goals, ensuring resources are used responsibly, and managing risks appropriately.

- **Security management** is another critical area, involving the protection of data against unauthorized access and cyber threats.
- **Program change management** ensures that any alterations to IT programs are systematically implemented to minimize disruptions.
- **Physical access control** is necessary to prevent unauthorized personnel from accessing sensitive areas,
- **Environmental control** helps protect hardware from damage due to environmental factors.
- **IT service continuity planning** is vital for maintaining operations in the event of a disaster, disruption or an incident.
- **Logical Access Control (LAC)** is a critical aspect of computer security, ensuring that access to systems, networks, and data is restricted to authorized users. It encompasses a range of security measures, including authentication, authorization, and auditing.

### **1.14.3 IT GOVERNANCE**

#### **Criteria**

- 1.14.3.1 EDM01.01 of COBIT 2019 states that; Evaluate the governance system. Continually identify and engage with the enterprise's stakeholders, document an understanding of the requirements, and evaluate the current and future design of governance of enterprise I&T.
- 1.14.3.2 EDM01.02 of COBIT 2019 states that; Direct the governance system. Inform leaders on I&T governance principles and obtain their support, buy-in and commitment. Guide the structures, processes and practices for the governance of I&T in line with the agreed governance principles, decision-making models and authority levels. Define the information required for informed decision making.
- 1.14.3.3 EDM01.03 of COBIT 2019 states that; Monitor the governance system. Monitor the effectiveness and performance of the enterprise's governance of I&T. Assess whether the governance system and implemented mechanisms (including structures, principles and processes) are operating effectively and provide appropriate oversight of I&T to enable value creation.

#### **Observation**

- 1.14.3.4 During our review, we observed no evidence of a functional IT Governance to guide the structures, processes and practices as well as provide oversight of the IT strategic goals, objectives and activities of the entity. Evidenced by the nonexistence of the following;
- IT Strategic Committee

- IT Steering Committee
- Organogram
- Training Program and
- Service Level Agreement

### **Risk**

- 1.14.3.5 Failure to constitute the above mention IT governance structure may cause misalignment between IT initiatives and the organization's strategic goals, leading to inefficient resource allocation and potentially jeopardizing the achievement of business objectives.

### **Recommendation**

- 1.14.3.6 The Management of the Judiciary Branch should prioritize the development of a well-defined IT governance that aligns with their strategic vision and facilitates the achievement of long-term goals. The establishment of a robust IT governance framework will ensure that IT investments align with the nation's strategic objectives, enhancing transparency, accountability, and efficiency.

### **Management's Response**

1. *Acknowledged. The Judiciary will form several committees to oversee the entity's IT Strategic goals, objectives and activities.*
2. *The Judiciary IT organogram has been developed. Please see attached as appendix 5 All IT-related Service Level Agreements (SLAs) between the Judiciary and extended partners Have been documented and archived. **See attached the SLA between the Judiciary and our Internet Service Provider (LIBTELCO) as evidence a Appendix 6 A & B.***

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

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

## **1.14.4 SECURITY MANAGEMENT**

### **Criteria**

- 1.14.4.1 DSS05 of COBIT-2019 states that: Protect enterprise information to maintain the level of information security risk acceptable to the enterprise in accordance with the security policy. Establish and maintain information security roles and access privileges. Perform security monitoring.

### **Observation**

- 1.14.4.2 During our review, we observed no evidence of an IT security management to govern the IT Environment, Evidenced by the nonexistence of:
- Approved IT Security Policy
  - Installed, license, unexpired and updated Antivirus Program



- Patch Management Process

### **Risk**

- 1.14.4.3 The absence of IT Security management in an organization may lead to operational disruptions, legal ramifications, and financial loss. Without proper cybersecurity measures, organizations are vulnerable to cyberattacks that may result in the theft or corruption of sensitive data, leading to operational downtime and loss of productivity.

### **Recommendation**

- 1.14.4.4 Management should establish and operationalize an IT Security Management to protect the organization assets and ensure the confidentiality, integrity, and availability of data. This process would involve implementing various security measures to guard against unauthorized access, cyberattacks, and other potential security breaches that could lead to data loss or damage. Effective IT Security Management helps maintain the trust of stakeholders, protects the organization's reputation, and ensures compliance with regulatory requirements. It also plays a vital role in safeguarding the privacy of clients and employees, thus maintaining the overall security posture of an organization in the face of evolving digital threats.

### **Management's Response**

*Noted.*

- 1. The IT security policy is currently in its draft stage awaiting approval.*
- 2. Currently, the Judiciary operates a Peer-to Peer (P2P) computer network where two Or more computer systems are connected without a dedicated server. Files and Resources are not centrally organized into a specific location. However, the Judiciary is currently engaging with the GoL and Development Partners to assist in implementing a robust centralized network that has full leverage to control the processes and activities in a client-server architecture.*
- 3. Due to limited resources, the Judiciary IT has used Windows' built-in security defender to protect computers against viruses, worms, and Malware. However, the recommendation for a more robust license antivirus software is noted.*

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

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

## **1.14.5 Program Change Management**

### **Criteria**

- 1.14.5.1 BAI06.01 of COBIT-2019 states: Evaluate, prioritize and authorize change requests. Evaluate all requests for change to determine the impact on business processes and I&T services, and to assess whether change will adversely affect the operational environment and introduce unacceptable risk. Ensure that changes are logged, prioritized, categorized, assessed, authorized, planned and scheduled.



### **Observation**

- 1.14.5.2 During our review, we observed no evidence of program change management to safely implement IT solutions in line with the agreed expectations and outcomes of change management processes; evidenced by the non-existence of:
- Documentation and approval processes to upgrades made to applications/ systems.
  - Formal change request documentation completed indicating the change to be made and the reasons for changes to an application/ system.
  - Ensure that programmers have access to the test environment only, not the live or production environments.

### **Risk**

- 1.14.5.3 The absence of a structured program change management process may lead to significant risks, including the potential for unauthorized changes and the lack of traceability for modifications made to systems or applications.

### **Recommendation**

- 1.14.5.4 Management should develop and operationalize a robust change management program which includes comprehensive documentation and approval processes for upgrades, patches, and reviewed before implementation.
- 1.14.5.5 Implementing these steps can help in aligning changes with organizational policy and maintaining the integrity of the IT infrastructure.

### **Management's Response**

- 1.14.5.6 *Noted.*

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

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

## **1.14.6 Physical Access Control**

### **Criteria**

- 1.14.6.1 DSS05.05 of COBIT-2019 states, Manage physical access to I&T assets. Define and implement procedures (including emergency procedures) to grant, limit and revoke access to premises, buildings and areas, according to business need. Access to premises, buildings and areas should be justified, authorized, logged and monitored. This requirement applies to all persons entering the premises, including staff, temporary staff, clients, vendors, visitors or any other third party.

### **Observation**

- 1.14.6.2 During our review, we observed no evidence of physical access controls to protect IT assets,

evidence by the non-existence of:

- Establishment of policy that cover physical access to IT Environments
- Control of access to sensitive area, such as computer room, operations, storage rooms, network rooms etc.
- Control of physical access after hours

### **Risk**

- 1.14.6.3 The absence of physical access control may lead to unauthorized entry, theft, vandalism, or even compromise of sensitive information.

### **Recommendation**

- 1.14.6.4 Management should develop and operationalize a physical access control policy to protect IT assets.

### **Management's Response**

- 1.14.6.5 *Noted. Currently, the Judiciary does not have a centralized computer room.*

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

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

## **1.14.7 Environmental Control**

### **Criteria**

- 1.14.7.1 DSS01.04 of COBIT-2019 states, Manage the environment. Maintain measures for protection against environmental factors. Install specialized equipment and devices to monitor and control the environment. Identify how I&T equipment, including mobile and off-site equipment, is protected against environmental threats. Ensure that the policy limits or excludes eating, drinking and smoking in sensitive areas, and prohibits storage of stationery and other supplies that pose a fire hazard within computer rooms.

### **Observation**

- 1.14.7.2 During our review, we observed no evidence of an IT Environmental control, evidence by the non-existence of:
- Environmental control policy
  - Fire suppression systems (not available the at the Judiciary)
  - Fire extinguishers (not available in server room)
  - Uninterrupted Power Supply (UPS)

### **Risk**

- 1.14.7.3 The absence of robust IT environmental controls may lead to environmental hazards, potentially disrupting operations and damaging valuable IT assets.

### **Recommendation**

- 1.14.7.4 Management should develop, approve and operationalize an environmental control policy and put in place suppression systems and fire extinguishers to protect against potential fire hazards.
- 1.14.7.5 Uninterrupted Power Supplies (UPS) and generators are also essential for maintaining power stability and ensuring that critical systems remain operational during outages. Implementing these controls can help mitigate risks and safeguard the IT infrastructure from environmental threats.

### **Management's Response**

- 1.14.7.6 *Noted. Currently, the Judiciary does not have a centralized computer room.*

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

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

## **1.14.8 Logical Access Control**

### **Criteria**

- 1.14.8.1 DSS05.04 of COBIT 2019 states that Manage user identity and logical access. Ensure that all users have information access rights in accordance with business requirements. Coordinate with business units that manage their own access rights within business processes. Maintain user access rights in accordance with business function, process requirements and security policies. Align the management of identities and access rights to the defined roles and responsibilities, based on least-privilege, need-to-have and need-to-know principles.

### **Observation**

- 1.14.8.2 During our review, we observed no evidence of a logical access control to protect the entity's assets (application, servers, and database) from unauthorized users; evidenced by the non-existence of:
- User policy
  - Review of user access rights

### **Risk**

- 1.14.8.3 The absence of a logical access control may lead to unauthorized access, errors, fraud, and breach of confidentiality, integrity, and unavailability of data.

### **Recommendation**

- 1.14.8.4 Management should develop, approve and operationalize logical access control policy (user policy) to protect the confidentiality, integrity, and availability of data against unauthorized use.

### **Management's Response**

- 1.14.8.5 *Access Control Policy is noted.*

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

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

### **1.14.9 IT Service Continuity**

#### **Criteria**

- 1.14.9.1 DSS04.03 of COBIT 2019 state that "provides for entities to develop a business continuity plan (BCP) based on the strategy that documents the procedures and information in readiness for use in an incident to enable the enterprise to continue its critical activities." DSS04.02 of COBIT 2019 state that "Evaluate business resilience options and choose a cost-effective and viable strategy that will ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption." APO01.05 Establish roles and responsibilities. Define and communicate roles and responsibilities for enterprise I&T, including authority levels, responsibilities and accountability

#### **Observation**

- 1.14.9.2 During our review, we observed no evidence of IT Service Continuity plan to ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption, evidence by the non-existence of:
- A disaster recovery plan
  - On and off-site storage of IT continuity plan and disaster recovery plan
  - Implementation of backup and retention strategy
  - Perform verify and check backup for successful completion
  - Secure storage of off-site backup facility

#### **Risk**

- 1.14.9.3 The lack of an IT Service Continuity plan may lead to inadequate response disruption or disaster and lack of resilience.

#### **Recommendation**

- 1.14.9.4 Management should develop, approve and operationalize an IT Service Continuity plan to strengthen the entity IT infrastructure and adequately response disaster.

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

- 1.14.9.5 *Noted.*

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

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

## ANNEXURE

### Annexure 1a: Increasing the Number of Competent Court Staff

No	Priority Area	Target (2016/2017)	Actual	Gap	Comments
1	Stipendiary Magistrates	152	87	65	The current level of 152 Magisterial Courts existing in the Court system requiring 152 Stipendiary Magistrates on the basis of 1 stipendiary Magistrate per Magistrate Court. But, only 87 SM are currently in place leaving a gap of 65 (SM) to be covered.
2	Associate Magistrates	304	218	86	The current level of 152 Magisterial Courts in the Court System require 304 Associate Magistrates (college Graduates Trained by the Judiciary Institute-JI as Professional Magistrates) on the basis of 2 Associate Magistrates per Magistrate Court. But, only 218 AM are currently in place leaving a gap of 86 AM to cover existing vacancies. JI is expected to graduate 60 College graduates asf Professional Magistrates in June 2017 requiring salary support for the immediate deployment of the 60 Magistrates in FY 2017/2018

### Annexure 1b: Reducing Critical Infrastructure Deficit

No	Priority Area	Target (2016/2017)	Actual	Gap	Comments
1	Criminal Court "E" (SGBV Court)	15	1	14	Criminal Court "E" at the Temple of justice, beside being the only dedicated SGBV Court in Liberia, is challenged by its inability to simultaneous seat its 2 appointed Judges to hear cases, thus undermining Court "E" capacity to achieve optimum performance. Support for the construction and relocation of the Juvenile Court outside the compound of the Temple of Justice will make vacant the space to seat the 2 <sup>nd</sup> Judge to increase the number of SGBV cases adjudicated. This partial solution still leaves at least 14 SGBV Courts to be establishes in Circuit as required by Law.
2	Court Inspectorate Regional Offices	3	0	3	Three Court Inspectorates are planned to be permanently rolled out regionally during FY 2017/2018 to increase performance of courts by ensuring regular monitoring and support from

No	Priority Area	Target (2016/2017)	Actual	Gap	Comments
					the regional court Inspectorates.

#### **Annexure 1c: Institutional Logistical Capacity Development/Enhancement**

No	Priority Area	Target (2016/2017)	Actual	Gap	Comments
1	Logistical Support- Vehicles for Circuit Judges	30	0	30	Vehicles provided to Judges and Public Defenders more than 4 years ago to facilitate their work in and out of the Circuit have become fully depreciated and now require replacement
2	Logistical Support- Motorbikes for Magisterial Courts in hard-to-reach areas	60	0	60	With the expected deployment of 60 Associates Magistrates support to Magistrates Court with motor cycles will reduce the logistical constraint place on the Magisterial Courts especially those courts in difficult and hard-to-reach areas.

#### **Annexure 2: Exited Individual Maintained on Payroll**

No	Name of Staff	Department	Position	Reason for Exit	Date of Exit	Date Removed from Payroll
	<b>Grand Bassa</b>					
1	Nathaniel T. Johnson		Probate Clerk	N/A	July 2021	December 2023
2	Deematus s. Killen		Clerk Typist	N/A	January 2022	December 2023
	<b>Maryland</b>					
3	Paul Washington		Stip. Magistrate		June 2023	December 2023
4	Prince J.C Morris		Associate Magistrate		June 2023	December 2023
	<b>Grand Capemount</b>					
5	Amara Gabriel		Bailiff		January 2023	December 2023
	<b>Grand Gedeh</b>					
6	Thomas T. Darwah		Mag. Clerk		October 2023	December 2023
7	Eric Woukanawon		Typist		January 2023	December 2023
8	Augustine K Raybo		Bailiff		January 2023	December 2023
	<b>Nimba</b>					
9	Paul M Jackson		Associate Magistrate		January 2023	December 2023
	<b>Grand Kru</b>					
10	Tanyennoh Wrati		Bailiff		June 2023	December 2023
11	Augustine W. Nimene		Bailiff		October 2023	December 2023
12	Koffa Toe		Typist		October 2023	December 2023

No	Name of Staff	Department	Position	Reason for Exit	Date of Exit	Date Removed from Payroll
	<b>RiverGee</b>					
13	Patrick K. Mansah		Clerk of Court		July 2023	December 2023
14	Comfort K. Williams		Bailiff		January 2023	December 2023
	<b>Montserrado</b>					
15	J. Varney Davis		Driver		January 2023	December 2023
16	Nah J. Wollor		Clerk of Court		N/A	December 2023
17	Franklin Morris		Mag. Clerk		N/A	December 2023
18	Jerry S. Moore		Bailiff		N/A	December 2023
	<b>Administration &amp; Management</b>					
19	Romeo L. Quoi, Jr.		Web. Manager		October 2022	December 2023
19	Isaiah Karmo		Recorder		January 2023	December 2023
20	Jackie K. Woods		Caretaker		October 2023	December 2023

### **Annexure 3: Payment without Evidence of Adequate Supporting Documents**

No	Date	Payee	Description	Voucher #	Invoice #	Amount (US\$)	Amount (LR\$)	Comments
1	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-080	425		1,360,590.75	No Job Completion Certificate
2	April 11, 2023	Bittar Construction Company	First Part Payment for the renovation and rehabilitation of the Monrovia City Court	201-079			1,539,260.71	No Job Completion Certificate
3	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the	201-081	324		1,217,430.00	No Job Completion Certificate

No	Date	Payee	Description	Voucher #	Invoice #	Amount (US\$)	Amount (LR\$)	Comments
			Judiciary					
4	April 5, 2023	Super Cord-Service	Repairs and supply of air-conditioners to the Judiciary	201-070			902,468.00	No Job Completion Certificate
5	Jan. 13, 2023	Premium Incorporated	Payment for aluminum work performed at the Temple of Justice (Rate: 155usd)	201-473			98,425.00	Insufficient Quotation
	<b>TOTAL</b>						<b>3,757,583.71</b>	

**Annexure 4: Third Party Payments made to Employees of the Entity**

No	Date	Payee	Description	Voucher #	Check #	Amount (US\$)	Amount (LR\$)	Comments
1	Feb. 9, 2023	Alphanso N. Karto	Payment of DSA to Associate Justice Kaba and party traveling to Sanniquellie	201-017	319334		149,000.00	Third Party
2	Feb. 3 2023	Alphanso N. Karto	Payment of DSA to Hon. Nagbe and Staff travelling to River-Cess	201-489	319353		173,000.00	Third Party
3	Feb. 8 2023	Alphanso N. Karto	Payment of three days DSA to Associate Justice Gbeisay and Party travelling to Sanniquellie	201-016	319342		89,000.00	Third Party
4	March 23, 2023	Alphanso N. Karto	Honorarium to some mechanic for vehicle repair Services	201-064	319278		16,000.00	Third Party
5	March 30, 2023	Alphanso N. Karto	Honorarium to LWSC employees for sewage cleaning	201-093	374746	330.00		Third Party
6	March 16, 2023	Alphanso N. Karto	Three days DSA for Procurement Director,	201-059	319285		180,000.00	Third Party



No	Date	Payee	Description	Voucher #	Check #	Amount (US\$)	Amount (LR\$)	Comments
			Director of Security and other Staff Travelling to River-cess					
7	Jan. 26, 2023	Alphanso N. Karto	Honorarium payment to mechanic for vehicle repair and service	201-484	319361		16,000	Third Party
8	Jan. 31, 2023	Alphanso N. Karto	Transportation Allowance, Police Officers and Drivers assigned to Chief Justice, Associate Justices for the month of Jan. 2023	201-001	319363		478,800.00	Third Party
9	Feb. 23, 2023	Alphanso N. Karto	Payment of Eight days DSA and Incidental to Chief Justice and Party travelling to 2 <sup>nd</sup> , 5 <sup>th</sup> , 11 <sup>th</sup> , 13 <sup>th</sup> , and 16 <sup>th</sup> Judiciary Circuits	201-035	319310		1,490,000.00	Third Party
<b>Total</b>							<b>2,591,800.00</b>	

#### **Annexure 5: No Job Completion Certificates**

No	Date	Payee	Description	Voucher #	Invoice #	Amount (US\$)	Amount (LR\$)	Comments
1	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-080	425		1,360,590.75	No Job Completion Certificate
2	April 11, 2023	Bittar Construction Company	First Part Payment for the	201-079			1,539,260.71	No Job Completion Certificate

*Auditor General's Report on The System Review of The  
Financial Management System and Accounting Processes of The  
Judiciary Branch of The Government Of The Republic Of Liberia  
For The Period Ended March 31, 2024*

No	Date	Payee	Description	Voucher #	Invoice #	Amount (US\$)	Amount (LR\$)	Comments
			renovation and rehabilitation of the Monrovia City Court					
3	April 11, 2023	Bittar Construction Company	Part Payment for the renovation and rehabilitation of the Monrovia City Court and Monrovia Traffic Court at the Judiciary	201-081	324		1,217,430.00	No Job Completion Certificate
4	April 5, 2023	Super Cord-Service	Repairs and supply of air-conditioners to the Judiciary	201-070			902,468.00	No Job Completion Certificate
5	Jan. 13, 2023	Premium Incorporated	Payment for aluminum work performed at the Temple of Justice (Rate: 155usd)	201-473			98,425.00	Insufficient Quotation
	<b>TOTAL</b>						<b>5,118,174.46</b>	