



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On the Compliance Audit of the Liberia
Land Authority (LLA)**

For the fiscal period ended June 30, 2020

December 2022

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

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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigative Professional
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DSA	Daily subsistence Allowances
FCCA	Fellow of the Association of Chartered Certified Accountant
GAC	General Auditing Commission
GOL	Government of Liberia
GSA	General Services Agency
IAS	International Accounting Standards
ICB	International Competitive Bidding
ISSAIs	International Standards of Supreme Audit Institutions
LC	Land Commission
LLA	Liberia Land Authority
NASSCORP	National Social Security Corporation
L\$	Liberian Dollar
PFM	Public Financial Management
PPCC	Public Procurement and Concession Commission
RL	Republic of Liberia
US\$	United States Dollar

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 the Compliance Audit of the Liberia Land Authority (LLA) operations and financial transactions for the period July 1 2019 – June 30, 2020. The audit 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 authority of the Liberia Land Authority (LLA) 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 Honorable Speaker and Members of the House of Representatives and the Honorable Pro- Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

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

Monrovia, Liberia
September 2023

AUDITOR GENERAL'S REPORT ON THE COMPLIANCE AUDIT OF THE LIBERIA LAND AUTHORITY (LLA) FINANCIAL TRANSACTIONS FOR THE PERIOD JULY 1 2019 – JUNE 30, 2020.

The General Auditing has concluded a compliance audit of the Liberia Land Authority (LLA). The compliance audit has been conducted in compliance with relevant laws and regulations consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the New General Auditing Commission (GAC) Act of 2014 as well as in accordance with all relevant laws.

Adverse Conclusion

Based on the work performed, because of the significance of the non-compliance matters noted in the Basis for Conclusion paragraphs below, the subject matter is not in all material respect, in compliance with the PFM Act as amended and restated (2019) and Regulations, GoL Financial Rule (2006-2009), Budget Laws, the Approved Travel Ordinance of 2016/2017, the Standing Orders for the Civil Service of 2020, the Decent Work Act of 2015, Committee of Sponsoring Organizations of the Treadway Commission (COSO), and other relevant authoritative policies & procedures for the period then ended July 1, 2019 to June 30, 2020.

Basis for Conclusion

Management did not prepare quarterly and annual financial statements for onward submission to the Offices of the Auditor General and the Comptroller and Accountant General.

Management did not maintain detailed accounting journals and ledgers.

Internally generated revenues totalling of US\$18,701.00 and L\$280,405.00 could not be traced to the entity's bank statements.

Management did not prepare bank reconciliation reports for all of its accounts, resulting to unreconciled variances of (L\$235,977.73) and US\$1,715.56 on its account maintained with the CBL.

Management did not adopt and operationalize Financial and Administrative Manual, Strategic and Operational Plans, Human Resource Policy Manual, Fixed Asset Management Policy, Petty Cash Policy.

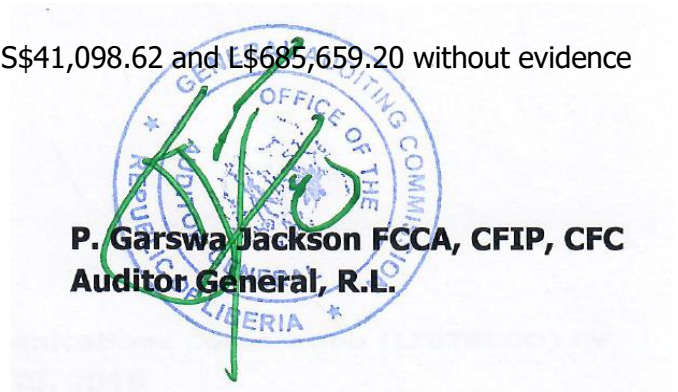
Management made several payments totalling US\$4,983.00 to third parties instead of the vendors, suppliers or their named legal representative.

Management did not withhold and remit taxes on goods and services procured totalling US\$11,027.00.

Management procured goods and services totalling US\$41,098.62 and L\$685,659.20 without evidence of an approved procurement plan.

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

Monrovia, Liberia
September 2023



Background

The Compliance audit of the Liberia Land Authority was commissioned by the Auditor General under his statutory authority as provided for under Section 2.1.3 of the GAC Act of 2014.

The LLA is a Government entity created by an Act of the Legislature in 2016 with the authority to control and manage effectively, impartially and in the interest of equitable development, access to and use of public land, except reserves, protected areas, proposed protected areas and diplomatic missions.

It is mainly funded by Legislated funds with some donor assistance from development partners. The entity's operations are subject to audit by the Office of the Auditor General. The entity is required by the PFM Regulation I.15(2) to submit financial statements to the Offices of the Auditor General and the Comptroller and Accountant General.

Key Management Personnel

The following personnel were responsible for the management of the LLA for the period under audit. See table below.

Name	Position	Period
Attorney Adam Manobah	Chairperson	2016-present
Stanley Toe	Executive Director	2016-present
Aryee Williams	Executive Director for Administration	2018- present
Augustus Paasewe	Comptroller	2018-present
Josephus Burgess	Commissioner - Land Administration	2018-present

Objectives

The objectives of the audit are to:

- i. To gather sufficient and appropriate audit evidence to form and derive a conclusion whether or not, the LLA Operations with special emphasis on: (a) Revenue/Income Generation Areas (national budgetary allocation, fees collected from the public and any donor funding); (b) Expenditure for goods, services and personnel compensation as well as capital consumption; (C) Internal Control Systems (Governance and operational structures) for the periods July 1, 2018 through June 30, 2021 are in compliance, in all material respect, with relevant laws, regulations, policies and procedures; and
- ii. To report in terms of the GAC reporting requirements as spelt out in part four (4) of the GAC Act of 2014, the findings and conclusions to the Liberia National Legislature.

Subject Matter Description

Failure on the part of the entity to submit financial statements, the Auditor General commissioned a compliance audit to examine the operations and financial transactions of the Authority reference to the entity's handling and accounting for its revenue and other income generation, expenditure for goods and services, as well as its systems of internal control.

We have conducted a compliance audit of the Liberia Land Authority (LLA), on the subject matter 'Validation of the LLA operations with special emphasis on:

- a) Revenue/Income Generation Areas (national budgetary allocation, fees collected from the public and any donor funding);
- b) Expenditure for goods, services and personnel compensation as well as capital consumption; and
- c) Internal Control Systems (Governance and operational structures) of the entity for fiscal period July 1, 2018 through June 30, 2019'.

Audit Scope

A compliance audit on the financial operations of the LLA covering the period July 1, 2019 to June 30, 2020 was commissioned by the Office of the Auditor General. The audit covers specifically revenue and other income generation, expenditure for goods and services, as well as system of internal controls of the entity.

Audit Criteria

The criteria for the audit are drawn from authorities of:

- The Public Financial Management Act of 2009 as amended and restated 2019
- Public Procurement Concession (PPC) Act of September 2010,
- The Approved Travel Ordinance of 2016/2017
- The Standing Orders for Civil Service of 2012
- The Decent Work Act of 2015
- Committee of Sponsoring Organizations of the Treadway Commission (COSO),
- Other relevant authoritative policies & procedures

This audit is based on document analyses and interviews, and meetings with the Senior Management and key staffs of the Liberia Land Authority (LLA) during the periods under audit. In the process of information gathering, we had several meetings with the Officials and staffs indicated above and have assessed relevant documents including transactional documents, reports, and policy documents which are appropriate for our conclusion. The audit was conducted in accordance with ISSAI 4000 INTOSAI Standards for Compliance Audit.

Limitation of Responsibility

The audit involves performing procedures to obtain audit evidence about the subject matter's compliance with applicable authorities identified as criteria. The procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material non-compliance of the subject matter, whether due to fraud or error.

Because of the inherent limitations of audit, together with the inherent limitations of internal controls, there is an unavoidable risk that some material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the ISSAIs. In making our risk assessments, we considered internal control relevant to the subject matters but not for the purpose of concluding on the effectiveness of the entity's internal control.

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Non-Preparation of Month Bank Reconciliation Reports

- 1.1.1.1 Regulation R of the PFM Act of 2009 as restated in 2019 states: "the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof."

Observation

- 1.1.1.2 During the audit, we observed no evidence of bank reconciliation reports. We further observed total unreconciled variances of (L\$235,977.73) and US\$1,715.56 respectively between the entity's Central Bank account and its cashbook records respectively. **See tables 1A and 1B below.**

Table 1A- unreconciled L\$ cash and bank balances

Period End	Cash Book Balance (L\$) (A)	Bank Balance (L\$) (B)	Variance (L\$) C=(A-B)
June 30,2020	707,103.13	471,125.40	(235,977.73)

Table 1B - unreconciled US\$ cash and bank balances

Period End	Cash Book Balance (US\$)	Bank Balance (US\$)	Variance (US\$)
June 30,2020	(63.12)	1,652.44	1,715.56

Risk

- 1.1.1.3 Failure to perform monthly bank reconciliation may lead to untimely detection of errors, omissions or fraudulent financial practices.
- 1.1.1.4 Management may not be able to fully account for its bank transactions

Recommendation

- 1.1.1.5 Management should provide explanations with supporting documentations for the variances.
- 1.1.1.6 Management should ensure that monthly bank reconciliation for all its bank accounts during the fiscal period are appropriately prepared, reviewed and approved by staff with the required qualification and competence.
- 1.1.1.7 Monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.8 *The Management of LLA has taken note of your observation concerning non-preparation of monthly bank reconciliation reports and will do as required by the PFM Act.*

Auditor General's Position:

- 1.1.1.9 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.1.1.10 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.1.11 No Approved Financial Accounting Manual

Observation

- 1.1.1.12 Regulation A.5, Government Agency's Accounting Manuals, states:
- 1) "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.
 - 2) The accounting manual shall contain relevant procedures for the keeping of accounts, preparation and format of financial statements, Government agency chart of accounts, and all administrative issues relating to the keeping and preparation of government accounts.
 - 3) The accounting manual under sub-regulation (2) shall conform to any enactment, or any particular directions concerning accounts issued by the Minister.
 - 4) A Government agency that does not have its own accounting manual shall use the Treasury Accounting Instructions issued by the Minister in accordance with regulation (1) above or obtain permission from the Minister to use an accounting manual prepared for another Government agency".
- 1.1.1.13 During the audit, we observed no evidence of an approved financial manual of the Liberia Land Authority LLA.

Risk

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

Recommendation

- 1.1.1.15 Management should develop, approve and operationalize policies and procedures to govern the effective and efficient financial operations of the entity.
- 1.1.1.16 Evidence of approved policies and procedures should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.17 *During the audit, the LLA had a draft financial manual that was in the process of being validated for use by the entity. As at now, the financial manual has been finalized and approved by the LLA Board of Commissioners (BOC) and is being used to govern the effective and efficient financial operations of the entity. Attached is a copy of the manual and Board resolution approving same.*

Auditor General's Position

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

1.1.2 Failure to Prepare Annual Financial Statements

Observation

- 1.1.2.1 Regulation I.11. of the PFM Act of 2009 - Annual Government Agency Accounts states "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint, and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia".
- 1.1.2.2 Regulation I.11. of the PFM Act of 2009 I.15. -Failure to Provide Financial Statements states:
 - 1) "The Comptroller-General shall include in the report indicated in Regulation I.12 and I.13 above, details of heads of Government agencies who failed to submit financial statements in accordance with these regulations.
 - 2) A head of government agency who fails to submit financial statements of the Government agency is in breach of financial discipline as defined in regulation A.20".
- 1.1.2.3 During the audit, we observed Management did not produce financial statements as required by the regulations.

Risk

- 1.1.2.4 Failure to prepare and present approved financial statements may deny stakeholders information relevant for decision making.

1.1.2.5 Management may not fully account for activities of the entity.

Recommendation

1.1.2.6 The Management should prepare and present financial statements in line with the GoL reporting framework.

1.1.2.7 Going forward, Management should ensure that approved Financial Statements are presented to the Offices of the Auditor General and the Comptroller & Accountant General within two months after the end of the fiscal period as required by the PFM Act.

1.1.2.8 All Financial Statements prepared and approved for the period should be adequately documented and filed to facilitate future review.

Management Response

1.1.2.9 *This was due to the inattentiveness of the Finance Division headed by the former Comptroller to prepare financial statements in conformity with IPSAS requirements under the cash basis of accounting. However, LLA Management takes note and has acquired relative capacities to ensure financial report.*

Auditor General's Position

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

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

1.1.3 No Petty Cash Policy

Observation

1.1.3.1 Regulation B.33 of the PFM Act- Authorized Petty Cash Balances states:

- 1) " The government agency accounting manual shall specify officers, designated by posts, who may hold cash and their authorized cash balances which are the maximum amounts that may be held by them during periods when their offices are closed for business.
- 2) Names and titles of designated officers and amounts to be held in cash at specific periods and designated posts shall be communicated to and have the prior written approval of the Comptroller-General.
- 3) For the purpose of these regulations, all checks, not specified for any other purpose, shall be deemed to be cash.
- 4) In terms of this regulation, the maximum amount that may be held as petty cash in any one calendar month, is the equivalent of United States Dollars Two Hundred".

1.1.3.2 Again, 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.

1.1.3.3 During the audit, we observed that the LLA did not have a policy in place to guide against the use of petty cash.

Risk

1.1.3.4 In the absence of the petty cash/impress system, petty cash may not be available to procure supplies and services of very minimum value.

1.1.3.5 Management may endure the rigors of exhausting the procurement procedures for purchase of supplies and services of very minimum value. This may impair the efficient operations of the entity.

Recommendation

1.1.3.6 Management should develop, approve and operationalize a petty cash policy to govern the management of petty cash of the entity. The policy should include provisions for the following:

- Nature of petty cash transactions
- The size of the petty cash/imprest
- The threshold of petty cash transactions
- The custodian and safe of petty cash
- Activities over processing petty cash and disbursement of petty cash transactions
- Activities over replenishment of petty cash

1.1.3.7 All relevant supporting documents including approved petty cash policy and payment vouchers for petty cash disbursement and replenishment report should be adequately documented and filed to facilitate future review.

Management's Response

1.1.3.8 *During the audit, LLA had a draft petty cash policy that was in the process of being authorized for use. As it at now, the petty cash remittance policy procedures manual has been completed and approved and it is being used. The procedure and guidelines have been established for the effective administration and internal control of petty cash handling operations throughout the Authority, especially the use and accountability of such funds. Attached is a copy of the Manual and the Board resolution approving same.*

Auditor General's Position

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

- 1.1.3.10 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.4 No Human Resource Manual

Observation

- 1.1.4.1 According to the PFM Regulation of 2009 T.1 and T.3 which states: "For the purposes of these regulations the term -personnel emolument- covers all payments due to public servants as remuneration for employment and include: (a) Basic salaries payable to public servants (b) Wages payable to public servants employed in daily rated post; and (c) Allowances for special duties, overtime, acting, entertainment, housing, medical, transportation, fuel, light, clothing or allowances in lieu of accommodation, domestic servants, and any additional remuneration due to public servants as part of their conditions of service. (d) Pensions, gratuities, contributions of the employer towards pensions, gratuities and social security (2) Subject to any enactment, basic salary shall be used for computation of allowances, pensions, gratuities or any other entitlement of public servants except where the allowances have been incorporated into the salaries. (3) Subject to any amendment to this sub-regulation by the Minister, overtime for public servants shall be computed based on the number of overtime hours worked and a 20 per cent ceiling on the basic salary. The overtime hours and the daily rate shall be computed as follows: (a) The number overtime hours worked shall be calculated as 1.5 times the actual overtime hours worked on week days and two times the actual overtime hours worked on weekends and holidays. (b) The hourly overtime rate shall be determined by dividing the daily rate by eight hours. (c) The daily overtime rate shall be derived by dividing the basic monthly salary by 22 days.
- 1.1.4.2 Also, Regulation T.3 Records of Personnel Emolument states "(1) The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (a) payments are made as and when due; (b) overpayments are not made; (c) all required deductions are made at the correct time; (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. (2) The records for the purpose of this regulation shall be as specified in the Government Agency's Accounting Manual.
- 1.1.4.3 During the audit, we observed no evidence of an approved Human Resource manual to address staff remunerations in line with GoL personnel emoluments.

Risk

- 1.1.4.4 Payrolls may be prepared at the discretion of authorities.
- 1.1.4.5 There may be illegitimate persons (ghost names) on the payroll.

- 1.1.4.6 Payroll personnel may make unauthorized adjustments to the payroll.

Recommendation

- 1.1.4.7 Management should develop, approve and operationalize policies and procedures to govern the effective and efficient staff compensation/emolument issues of the entity.
- 1.1.4.8 Evidence of approved policies and procedures should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.4.9 *Management did not respond to the audit query.*

Auditor General's Position

- 1.1.4.10 In the absence of a response by Management, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.1.4.11 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.5 Failure to follow the Standing Orders for Civil Service on Recruitment Process

Observation

- 1.1.5.1 Section 3.4.4 of the Civil Service Agency Standing Orders states "Once it has made its selection of the successful candidate the appointing authority shall immediately report each appointment to the Director-General on one of the prescribed Personnel Action Notice forms (PAN forms) (see Appendices 5a and 5b). No appointment shall become effective until approved by the Director-General. The Agency shall maintain the official record of all appointments subject to the Act".
- 1.1.5.2 During the audit, we observed employees' files lack the following documents: personnel evaluation, advertisement for the post, results of interview and employment letters.

Risk

- 1.1.5.3 Failure to follow the normal recruitment processes may lead to discretionary recruitment of unqualified staff which may impair staff output in the entity.
- 1.1.5.4 Failure to maintain essential personnel records may lead to management inability to manage or regulate the activities of its personnel effectively.
- 1.1.5.5 Management may recruit staffs that do not meet the required qualification and experience to contribute to the overall objectives of the entity.

- 1.1.5.6 The lack of annual performance appraisal may lead to unnoticed and/or consistent poor performance of employees thereby impairing the objectives of the entity.
- 1.1.5.7 In the absence of a documented performance evaluation system, employee development plan may not be achieved thereby impairing the objectives of the entity.

Recommendation

- 1.1.5.8 Management should ensure that all employees' files contain the relevant supporting documents indicative of proper vetting (application letters, employment letters, police clearances and medical certificates) in line with the employment policy of the CSA.
- 1.1.5.9 Management should ensure that all employees' files are updated to contain essential documents such as letter of applications, letter of employment, contracts, credentials, Personnel Action Notice (PAN), etc. to enable Administration regulates the activities of its personnel effectively.
- 1.1.5.10 Management should facilitate the conduct of periodic performance evaluation for all staff. Documentation for performance evaluation should be adequately filed to facilitate future review.

Management's Response

- 1.1.5.11 *Liberia Land Authority has taken note and is working on the issues dealing with personnel evaluation and documentation of results from interviews. Notwithstanding, the Authority consolidates land functions and staff from key agencies of the Government who previously performed land administration functions including the Department of Lands, Survey and Cartography from the former Ministry of Lands, Mines and Energy; the Deed and Title Registry of the Center for National Document and Record Agency (CNDRA), and the functions and staff dealing with the allocation and management of government and public land from the Ministry of Internal Affairs. Pursuant to the statutory provision of the LLA Act, above information, you will note that staff that transferred from the affected ministries and agencies came along with their respective personnel folders, which are in transition from the Civil Service Agency to the Authority.*
- 1.1.5.12 *Additionally, staff who were recruited during the transition period have their respective letters of employment, and all processes associated with their recruitment were adhered to including processes of recruitment that are in line with the Civil Service and Decent Work Act. Finally, as you go through the Staff employment letters, you will notice that the letters contained term of references to further substantiate LLA claim.*

Auditor General's Position

- 1.1.5.13 Management's assertions did not adequately address the issues raised. Management's recruitment from other government ministries and agencies is not a guarantee for recruiting staff with the relevant qualification and experience nor is it a substitute for periodic updating of files and conduct of staff performance evaluation.

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

1.1.6 No Evidence of Payments of Social Security Taxes

- 1.1.6.1 Section 89.16 of the Act to repeal Decree No.14 of the People's Redemption Council of the Armed Forces of Liberia and to create a new chapter 89 of the Executive Law establishing the National Social Security and Welfare Corporation of the Republic of Liberia requires the following:

- 1.1.6.2 That contribution payable under the Act in respect of employee and employer contribution shall total 10% of total gross remuneration of each employee.

- 4% employee pension contribution
- 4% employer pension contribution
- 2% employment injury scheme

- 1.1.6.3 During the audit, we observed no evidence that Management withheld and paid NASSCOPR contributions for the period.

Risk

- 1.1.6.4 The contributions due to NASSCORP may be misstated.

- 1.1.6.5 Potential retirees of the entity may be denied required pension benefits due to non-compliance with the regulation.

Recommendation

- 1.1.6.6 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.

- 1.1.6.7 Management should facilitate full payment of employees' and employer's contributions to NASSCORP on a consistent and timely basis.

- 1.1.6.8 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.

- 1.1.6.9 In the instance where MFDP withholds and remits social security to NASSCORP on behalf of the entity, Management should obtain copies of monthly remittances of social security contributions. Copies of monthly remittances should be adequately documented and filed to facilitate future review.

- 1.1.6.10 Going forward, Management should ensure compliance with the regulation as provided above.

Management's Response

1.1.6.11 *Management did not provide a response.*

Auditor General's Position

1.1.6.12 In the absence of a response by Management, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.7 No Policy on Salary Advance

Observation

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

1.1.7.2 Regulation T.9 of the PFM Act of 2009 states "(1) Recoveries from official salaries shall commence from the salary of the next complete month after the month in which the advance was made. (2) A head of government agency shall ensure that deductions made from salaries are paid directly into the Consolidated Fund unless otherwise stated in the agreement covering the advance.

Observation

1.1.7.3 During the audit, we observed that Management did not facilitate the full liquidation of salary advance for the approved deduction period for a staff who benefitted from salary advance of US\$1,100.00. **See table 2 below.**

Table 2-Salary Advance

Date	Name	Amount
June 1,2020	Abionor S. Kollah	1,100.00

Risk

1.1.7.4 In the absence of an approved policy, repayment of salary advances may not be made within a reasonable time frame.

1.1.7.5 Non-payment of salary advance by employee may lead to loss of the entity revenue.

1.1.7.6 Unauthorized salary advances may lead to misapplication of the entity' fund.

Recommendation

- 1.1.7.7 Management should ensure that the amount due is fully recovered from the individual staff concerned.
- 1.1.7.8 Management should develop, approve and operationalize a salary advances policy to govern the receipt and repayment of salary advances.
- 1.1.7.9 Management should establish a salary advance schedule, detailing the amount received, periods of payments, agreed repayment per period, actual payments and outstanding balances. A monthly reconciliation should be performed between the payroll journal and the salary advance schedule to ensure that due payments are adequately affected.
- 1.1.7.10 Evidence of approved policy, request for advances, payment vouchers and repayment transactions should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.7.11 *Management of LLA is making effort to recover said amount from the staff in question through the Civil Service Agency (CSA), in collaboration with the appropriate office at the Ministry of Finance and Development Planning (MFDP). This is still pending because, the staff has resigned from the LLA. Henceforth, the policy will be developed in accordance with the regulation T.9 of the PFM Act of 2009.*

Auditor General's Position

- 1.1.7.12 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.1.7.13 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.8 Failure to Maintain Monthly Payroll Journals

Observation

- 1.1.8.1 The PFM Regulation T.3 states that the head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (a) payments are made as and when due; (b) overpayments are not made; (c) all required deductions are made at the correct time; (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. (2) The records for the purpose of this regulation shall be as specified in the Government Agency's Accounting Manual.
- 1.1.8.2 During audit, it was observed that Management did not maintain monthly payroll journals for staff emoluments.

Risk

- 1.1.8.3 Failure to maintain monthly payroll journals may result to understated / overstated payroll amounts.
- 1.1.8.4 Personnel expenses and subsequently the financial statements may be misstated.

Recommendation

- 1.1.8.5 Management should provide explanations with supporting documentations for the variances.
- 1.1.8.6 Going forward, Management should maintain monthly payroll journals and payroll ledgers to facilitate adequate and comprehensive recording of payroll records.
- 1.1.8.7 Subsequently, Management should perform monthly reconciliation among payroll journal, payroll ledgers, debit instructions, bank statements and the IFMIS records. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.1.8.8 All Payroll records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.8.9 *As you are aware since July 2019, The Ministry of Finance and Development Planning (MFDP) and Civil Service Agency (CSA) Centralized the payment of salaries during the implementation of the payroll harmonization initiated third Income taxes, are withheld by MFDP. Notwithstanding, the Management of LLA notes your observation and will act accordingly.*

Auditor General's Position

- 1.1.8.10 Management's assertion 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.
- 1.1.8.11 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.9 Internal Revenue Receipts not Traceable to Bank Statements

Observation

- 1.1.9.1 PFM Regulations 2009 B.11 states that "(1) Except as otherwise provided in any other enactment, the collection of public and trust monies shall be the personal responsibility of the head of a government agency, who shall appoint supervising collectors for each area where collection is required. (2) The head of a government agency shall ensure that adequate safeguards exist and are applied for the assessment, collection of and accounting for such moneys collectable by the Government agency, office or institution. (3) The head of a government agency shall ensure that all persons liable to pay revenue are informed by bills, demand notes or other appropriate notices, of debts which are due and that adequate measures are taken to obtain payment".

- 1.1.9.2 During the audit, we observed that total amounts of US\$18,701.00 and L\$280,405.00 internally generated revenue could not be traced to the bank statements of the entity. **See table 3 below.**

Table 3-showing internal revenue not traceable to bank statement

Date	Payee	Purpose	Slip No	USD
Aug. 29,2019	LLA	Authentication Fee	38315	5,000.00
Jan. 7,2020	LLA	Authentication Fee	341385	300.00
Jan. 7,2020	LLA	Authentication Fee	38163	2,803.00
Jan. 9,2020	LLA	Authentication Fee	341397	561.00
Jan. 16,2020	LLA	Authentication Fee	341398	682.00
Jan. 22,2020	LLA	Authentication Fee	33174	170.00
Jan. 22,2020	LLA	Authentication Fee	338619	6,870.00
Jan. 22,2020	LLA	Authentication Fee	331771	445.00
Jan. 28,2020	LLA	Authentication Fee	339673	50.00
Jan. 28,2020	LLA	Authentication Fee	339668	1,220.00
Jan. 28,2020	LLA	Authentication Fee	338623	600.00
Total				18,701.00

Date	Payee	Purpose	Slip No	LD
Jan. 7,2020	LLA	Authentication Fee	828706	9,750.00
Jan. 15,2020	LLA	Authentication Fee	828709	69,400.00
Jan. 22,2020	LLA	Authentication Fee	828726	8,000.00
Jan. 22,2020	LLA	Authentication Fee	828725	1,900.00
Jan.28,2020	LLA	Authentication Fee	828722	11,455.00
Jan.28,2020	LLA	Authentication Fee	828720	8,500.00
Jan.28,2020	LLA	Authentication Fee	828721	9,000.00
Feb. 8,2020	LLA	Authentication Fee	67755	162,400.00
Total				280,405.00

Risk

- 1.1.9.3 Revenue may be misappropriated.
- 1.1.9.4 Financial statements may be misstated.

Recommendation

- 1.1.9.5 Management should provide explanation with supporting documentations for the omission of the revenue from its bank statement.
- 1.1.9.6 Management should develop a real-time reconciliation of deposits for services made at banks before the issuance of official receipt.
- 1.1.9.7 Going forward, Management should develop and maintain cash ledger / cashbook and record all cash receipts. Subsequently, Management should perform monthly reconciliation between the cash receipts, cashbook and the bank statements. Variances identified should be investigated and adjusted where applicable in a timely manner.

- 1.1.9.8 Evidence of monthly revenue reconciliation should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.9.9 *The Management of LLA also observed that the above amounts were not traceable to our bank statements during which a communication was sent to the bank responsible (Global Bank) requesting a joint reconciliation. This process was ongoing when the then Comptroller was changed. Hence, the Management has subscribed to Ecobank's Omni system to view and verified all payments from bank statement before an official receipt is issued. Kindly find attached copy of communication to Global Bank.*

Auditor General's Position

- 1.1.9.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.1.9.11 However, Management did not provide justification and / or evidence of revenue per official receipts which were not traced to the bank statements. Management should therefore account for the amounts not accounted for on the bank statement within one month after the issuance of the Auditor General's report. Otherwise, the unaccounted fund should be subsequently investigated by the LACC.
- 1.1.9.12 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.10 Procurement Irregularities

Observation

- 1.1.10.1 Section 40(1-2) of the PPC ACT, 2010 "(1) All Procuring Entities shall undertake Procurement planning, with a view to achieving maximum value for Public Expenditure and the other objects of this Act. (2) For each fiscal year the Procurement Unit shall prepare a draft annual procurement Plan for goods, works and services for use by the procuring Entity in the procuring Entity's budgeting process. Upon budget approval, the procurement Unit shall prepare an annual procurement plan for goods, works, and services in accordance with the procuring Entity's approved programs and budget and furnish it to the Procurement Committee."
- 1.1.10.2 Section 28 (P1) of the PPC Act states "A Procurement Committee shall meet as and when required to review a bid or perform related functions but shall in any event meet at least once every quarter'.
- 1.1.10.3 During the audit, we observed that Management procured goods and services valued at US\$41,098.62 and L\$685,659.20 without evidence of an approved procurement plan.

- 1.1.10.4 Further, during the audit, we observed Management did not provide procurement committee's minutes and attendance records as evidence that a functional procurement committee exists.

Risk

- 1.1.10.5 In the absence of a functional procurement committee, the entity's procurement processes may be discretionary.
- 1.1.10.6 The lack of Procurement Plan may lead to discretionary expenditure, waste and impair value for money.
- 1.1.10.7 In the absence of a quarterly procurement report, Management may be in noncompliance with the PPC Act of 2005 as amended and restated in 2010.
- 1.1.10.8 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.
- 1.1.10.9 Management may not be compliant with the required procurement method thereby impairing the achievement of value for money.

Recommendation

- 1.1.10.10 Management should ensure that the procurement committee is made functional, evidence by the documentation of attendance records and meeting minutes.
- 1.1.10.11 Management should facilitate the preparation and subsequent approval of annual procurement plan. The approved procurement plan should contain description of all procurement transactions, projected costs and required method of procurement.
- 1.1.10.12 The procurement plan should also be updated and approved periodically to reflect adjustment in procurement activities. Management should ensure that required procurement methods are utilized for all procurement transactions.
- 1.1.10.13 Management should facilitate the preparation of quarterly procurement reports and subsequent submission to the PPCC.
- 1.1.10.14 Quarterly Procurement report should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.10.15 *Conversant with section 40 (2) (3) of the restated and amended Public Procurement and Concessions Act of 2010, the LLA for the Audit period under consideration, prepared annual procurement plans and obtained approvals from the Public Procurement and Concessions Commissions. Evidence of these approvals are attached for your consideration.*

Auditor General's Position

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

1.1.11 Non-remittance of Vendor's Withholding Taxes

Observations

- 1.1.11.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay". **See Annexure A.**
- 1.1.11.2 During the audit, we observed that Management did not withhold taxes on goods and services. The total payment vouchers for which goods and service taxes were not withheld amounted to US\$11,027.00.

Risk

- 1.1.11.3 Failure to withhold and remit GST may deny GoL of the much-needed tax revenue.
- 1.1.11.4 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.
- 1.1.11.5 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.11.6 Management should provide substantive justification for not withholding and remitting GST.
- 1.1.11.7 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.
- 1.1.11.8 Evidence of remittances of GST including official flag receipts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.11.9 *LLA Management notes your observations concerning not withholding taxes on goods and services and can assure you that it will act in accordance with the PFMU regulation.*

Auditor General's Position

- 1.1.11.10 We acknowledge Management's acceptance of our finding and recommendations. We will

follow up on the implementation of our recommendations during subsequent audit.

1.1.12 Failure to retire incidental and 80% DSA

- 1.1.12.1 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"
- 1.1.12.2 Also, count 12 and 13 of the Policy on Domestic travel states that Upon completion of the travel, officials shall submit to the Ministry of Finance and Development planning, the travel settlement form per annexure II and valid receipts for expenditures up to 80% of per diem received within 5 working days of their return.
- 1.1.12.3 No future domestic travel advance shall be paid to anyone who has failed to submit the prescribed domestic travel settlement form within 5 working days after return from previous journey. Heads of Ministries and Agencies shall ensure their officials submit domestic travel report or future travel requests from the institution may not be honored.

Observation

- 1.1.12.4 During the audit, we observed that several officials and staff who made domestic and foreign travels did not retire their incidental allowances and up to 80% of their DSA.
- 1.1.12.5 Additionally, we observed no evidence of travel and settlement forms attached to the payment vouchers. A US\$4,876 and L\$155,340.00 was spent on DSA and foreign travels respectively. **See Annexure B.**

Risk

- 1.1.12.6 Management may not be complaint with the Travel ordinance.
- 1.1.12.7 Travel may not be related to the entity's operations or there may have been no travel.
- 1.1.12.8 Non-compliance with the national travel ordinance may lead to misappropriation and abuse of funds.

Recommendation

- 1.1.12.9 Management should provide justifiable reasons for not ensuring that its staff comply with the Travel Ordinance.
- 1.1.12.10 Going forward, Management should adhere to the provisions of the Approved Travel Ordinance as mentioned above, ensuring that travel and incidental allowances are retired timely.

- 1.1.12.11 Evidence of retirement of travel advances should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.12.12 *Viewing the annexure B indicating payments concerning DSA and incidental, there is no knowledge of foreign travel payment therein. However, we wish to point out that the conditions in rural Liberia with its informal economy make it difficult to obtain receipts for purchase of goods and services. The LLA notes the observation and will act in consonance with section 29 of the GoL revised travel ordinance of 2016/2017.*

Auditor General's Position

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

1.1.13 No Evidence of Business Registration and Tax Clearance

Observation

- 1.1.13.1 Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 states that "A Government Agency shall procure government inventories from persons whose business is registered by the Registrar General's Office and any Government Agency that requires an exemption for any specific case shall apply to the head of government agency with the necessary justification."
- 1.1.13.2 Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010 states that Bids which are not complete, not signed, not accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the bidding documents, shall be rejected and excluded from further evaluation and comparison
- 1.1.13.3 During the audit, we observed that Management authorized several payments amounting to US\$1,668.00 without evidence of a valid business registration & tax clearance. **See table 4 below.**

Table 4: Businesses without evidence of business registration and tax clearance

No.	Date	VHR. No.	Description	Payee	USD	Anomaly
1	1-Aug-19	PV-08-007	payment for three sets of cartridges	Gabriel Wureh	900.00	No evidence of tax clearance and business registration.
2	20-Aug-19	PV-08-034	water and janitorial supplies	Alieu K. Kamara	384.00	No evidence of tax clearance and business registration
3	12-Nov-19	PV-11-004	Payment for janitorial and	Keita Supply	192.00	No evidence of tax clearance and

No.	Date	VHR. No.	Description	Payee	USD	Anomaly
			water supply			business registration
4	12-Nov-19	PV-10-014	Payment for water supply for janitorial use	Keita Supply	192.00	No evidence of tax clearance and business registration.
Total					1,668.00	

Risk

- 1.1.13.4 Failure to obtain valid business registrations and tax receipts from vendors may deny Government of the needed tax revenues.

Recommendation

- 1.1.13.5 The Management should ensure that for all transactions involving procurement of goods and services, valid business registration and tax clearance certificates should be obtained as required by Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 and Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010.
- 1.1.13.6 Evidence of valid business registration and tax clearance certificates should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.13.7 *LLA Management regrets the above observation and notes to follow the necessary procurement process before payment is made. In addition, we noticed the detachment of some documents from our payment vouchers due to relocation.*

Auditor General's Position

- 1.1.13.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.1.13.9 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.14 Third Party Payments to Employee Instead

Observation

- 1.1.14.1 Regulations B.28 of the PFM Act of 2009 states "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment"
- 1.1.14.2 During the audit, we observed that Management made several payments totaling US\$4,983.00 in the name of employees of the Liberia Land Authority rather than the vendors, service providers, direct beneficiaries or their legally authorized representatives.

See table 5 below.

Table 5: Third Party Payments to Staff

1	1-Aug-19	PV-08-007	payment for three sets of cartridges	Gabriel Wureh	900.00
2	13-Sep-19	PV-09-020	Vehicle servicing spare parts for comm Prat	Karyor A. Karteh	688.00
3	19-Mar-20	PV-05-017	Fuel for utility intended for purpose	George Kolli	300.00
4	20-Apr-20	PV-04-005	Fuel for utility vehicles	George Kolli	380.00
5	19-May-20	PV-05-017	Fuel for utility vehicles	George Kolli	300.00
6	5-Jun-20	PV-06-007	Purchase of Emergency fuel for generator	George Kolli	700.00
7	5-Jun-20	PV-02-030	Purchase of Emergency fuel for generator	George Kolli	700.00
8	15-Jun-20	PV-06-025	Payment for fuel for use by LLA	George Kolli	525.00
9	22-Jun-20	PV-06-035	The purchase of fuel for office generator	George Kolli	490.00
Subtotal					4,983.00

Risk

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

Recommendation

- 1.1.14.5 The Management of the Liberia Land Authority should initiate and complete all procurement processes as required by the PPCC Act of 2005 as amended and restated 2010 and the Public Financial Management Act of 2009 as amended and restated 2019.
- 1.1.14.6 All payments for goods and services procured by the Liberia Land Authority should be made directly to the vendor or its legally authorized representative as required by the PFM Act of 2009.

Management's Response

- 1.1.14.7 *LLA Management regrets the above observation and notes to follow the necessary procurement process before payment is made. In addition, we noticed the detachment of some documents from our payment vouchers due to relocation.*

Auditor General's Position

- 1.1.14.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent audit.
- 1.1.14.9 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.15 Failure to Provide Revenue and Expense Ledgers.

Observation

- 1.1.15.1 Public Financial Management Regulations C.8, Responsibilities of Accounting Officers (1) A head of a government agency or spending unit shall be personally and pecuniary responsible to Legislature for the use of funds under their control. (2) A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues 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. (3) Without limiting the generality of sub regulation (1) and (2), a head of agency or spending unit shall: (a) ensure that the agency's accounting system has been approved by the Minister in consultation with the Auditor- General 35 (b) manage and operate the agency's accounting systems, so as to ensure the accountability of all officers transacting such business and facilitate the efficient discharge of such business; (c) secure the efficient and effective use of appropriations under agency control in compliance with any enactment, regulations or instructions issued under the authority of any enactment; (d) secure the due and proper collection of government revenue collectable by the Agency within the terms of any enactment or of instructions issued or approved by the Minister; (e) bring promptly to account as revenue any cash found in his charge in excess of the balances in the cash book; (f) make good any deficiency in cash for which he is responsible; (g) ensure that all books of accounts under his or her control are correctly posted and kept up-to-date; (h) produce, when required by the Minister of Finance, the Comptroller-General, head of internal audit or Auditor-General or by such officers as may be authorized by any of the above, all cash, books, records, vouchers or other items of value in his or her charge (i) establish an effective internal audit function and the operation of
- 1.1.15.2 During the audit, we observed that Management did not make available the following accounting records: revenue and expense ledgers, trial balances and general ledger, etc.

Risk

- 1.1.15.3 The completeness and accuracy of expenditure may not be assured; therefore, the financial statements may be misstated.
- 1.1.15.4 Management may be non-compliant with PFM Regulation C.8, Responsibilities of Accounting Officers.
- 1.1.15.5 Management may not fully account for activities of the entity.

Recommendation

- 1.1.15.6 Management should ensure that detailed general ledgers are prepared to support figures mentioned in the expenditure report. Periodic reconciliation should be performed between the general ledger and the financial statements. Differences identified should be investigated and adjusted (where applicable) in a timely manner.

- 1.1.15.7 Management should procure and operationalize a functional accounting software to record all financial transactions of the entity.
- 1.1.15.8 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.1.15.9 *This was due to lack of capacity in the finance division of the LLA. Currently, we are providing training for our Finance staff and purchasing an accounting software to resolve the issue of not having our accounting record setup.*

Auditor General's Position

- 1.1.15.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent audit.
- 1.1.15.11 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.2 Control and Administrative Issues

1.2.1 Irregularities noted With Fixed Assets

Observation

- 1.2.1.1 The PFM Regulation V.4 states the Master Inventory of Furniture, Equipment, Vehicles, etc. (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency. (2) The master inventory shall record under each category of item: (a) the date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held. (3) In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location. (4) The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur. (5) The initial entries and all other entries made later on both copies of the inventory shall be validated by the signature of the officer having the use of the items, or where there is more than one officer, the most senior of them.
- 1.2.1.2 During the audit, we observed the following irregularities associated with the entity's fixed asset management system:
- several assets could not be verified nor physically identified
 - several fixed assets were not coded

- several assets could not be found in the register; and
- there was no evidence of assets movement log. **See Annexure G.**

Risk

- 1.2.1.3 Fixed Assets Register may be misstated (Over/understated).
- 1.2.1.4 Assets may be damaged or impaired but their values are still on the books.
- 1.2.1.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.2.1.6 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.

Recommendation

- 1.2.1.7 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.
- 1.2.1.8 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.
- 1.2.1.9 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.2.1.10 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Regulation.
- 1.2.1.11 Asset Movement 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 asset.

Management's Response

- 1.2.1.12 *Management did not provide a response.*

Auditor General's Position

- 1.2.1.13 In the absence of a response by Management, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.2.1.14 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.2.2 Lack of Policies and Procedures

Observation

- 1.2.2.1 Regulation A.15(1) of the PFM Act of 2009 as restated in 2019 states: "The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks.
- 1.2.2.2 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 with in an entity.
- 1.2.2.3 During the audit, we observed that Management did not develop various polices policies to guide its operations. There was no evidence of approved policy for the following:
- Strategic and Operational Plan
 - Financial and Administrative Manual
 - Human Resource Manual
 - Risk Management Policy
 - ICT Security

Risk

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

Recommendation

- 1.2.2.5 Management should develop, approve and operationalize policies and procedures for the various functions identified above, for the effective and efficient operations of the entity.
- 1.2.2.6 Evidence of approved policies and procedures should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.7 *Management did not provide a response*

Auditor General's Position

- 1.2.2.8 In the absence of a response, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.
- 1.2.2.9 Management is therefore in breach of financial discipline in keeping with the Public financial Management Act of 2009 as amended and restated 2019

ANNEXURES

Annexure A - No evidence of withholdings remitted and paid to LRA

No.	Date	Vouh. No.	Description	Payee	US\$	Anomaly
1	8-Jul-19	PV-07-132	Procurement of fuel for LLA 100 KVA Generator	Super Petroleum	1,159.00	No evidence of withholding, internal did not sign the delivery note
2	15-Jul-19	PV-07-008	Procurement of Petroleum Product.	Super Petroleum	370.00	No evidence of withholding, internal did not sign the delivery note
3	18-Jul-19	PV-08-021	Procurement of fuel for LLA 200 KVA Generator for the Month July.	Super Petroleum	969.00	No evidence of withholding, internal did not sign the delivery note
4	24-Jul-19	PV-07-126	Repair of gas air indication	SALIN A KIATDI	130.00	No evidence of withholding, internal did not sign the delivery note
5	31-Jul-19	PV-07-133	procurement of ICT Equipment	Techno IT	145.00	No evidence of withholding, internal did not sign the delivery note
6	9-Aug-19	PV-08-022	procurement of diesels fuel	Super Petroleum	380.00	No evidence of withholding, internal did not sign the delivery note
7	14-Aug-19	PV-08-021	Procurement of Petroleum product (Diesel) for use by the Authority's 100 KVA and 200 KVA	Super Petroleum	969.00	No evidence of withholding, internal did not sign the delivery note
8	14-Aug-19	PV-08-031	Petty cash replenishment	Karyor A. Karteh	928.00	No evidence of withholding, internal did not sign the delivery note
9	15-Aug-19	PV-08-032	procurement of Office furniture's	United Offices s	730.00	No evidence of withholding, internal did not sign the delivery note
10	23-Aug-19	PV-08-047	Final payment on publication	The Advocate	350.00	No evidence of withholding, internal did not sign the delivery note
11	23-Aug-19	PV-08-045	Fuel for the authority Generator	Super petroleum	1,330.00	No evidence of withholding, internal did not sign the delivery note
12	23-Aug-19	PV-08-042	purchase of fuel for staff	George Kollie	835.00	No evidence of withholding, internal did not sign the delivery note
13	5-Sep-19	PV-09-001	Supply of diesel coupons to be used by the Authority	Super Petroleum		No evidence of withholding, internal did not sign the delivery note

No.	Date	Vouh. No.	Description	Payee	US\$	Anomaly
			Generator for operations @ 210 rate			
14	6-Sep-19	PV-09-011	Vehicle servicing spare parts for comm Prat	Auto care Center	170.00	No evidence of withholding, internal did not sign the delivery note
15	11-Sep-19	PV-09-014	procurement of survey materials	Fawaz building materials	240.00	No evidence of withholding, internal did not sign the delivery note
16	20-Sep-19	PV-09-025	payment for materials for JFK Survey	McDonald Jallah	175.00	No evidence of withholding, internal did not sign the delivery note
17	26-Sep-19	PV-09-027	Procurement of fuel for use by the Authority Generator from Oct 1st to 16th Oct, 2019	Super Petroleum	1,197.00	No evidence of withholding, internal did not sign the delivery note
18	15-Nov-19	PV-11-006	Procurement of petroleum product (Diesel) for use by the Authority's 100 and 250 KVA Generators from Nov 18 - 28, 2019	Super Petroleum	950.00	No evidence of withholding, internal did not sign the delivery note
Total					11, 027	

Annexure B – DSA Not Retired

No.	DATE	VH no.	Description	Payee	US\$	L\$	ANOMALY
1	28-Feb-20	Pv-02-026	DSA for cadastral survey for five days (5)	Habib Falleh Saad	-	252,200.00	payment inconsistent with PPCC and PPCC Reg.
2	1-Aug-19	PV-08-008	DSA For Transportation & Lunch	Karyor A.Karteh	910.00	-	No evidence of approved procurement plan, pmt inconsistent with PPCC & PFM reg.
3	7-Aug-19	PV-08-013	DSA and Fuel for survey	Samuel Danway,Jr	476.00	-	payment inconsistent with PPCC and PPCC Reg.

No.	DATE	VH no.	Description	Payee	US\$	L\$	ANOMALY
4	10-Jun-20	PV-06-014	DSA trip for Bomi	Joshua T. Moore	140.00	-	No evidence of travel settlement and Disbursement form
5	10-Jun-20	PV-06-013	DSA trip for Bomi	Andrew T. Salay	250.00	-	No evidence of travel settlement and Disbursement form.
6	10-Jun-20	200.00	DSA trip for Bomi	John Wilson Akoto	200.00	-	No evidence of travel settlement and Disbursement form
7	10-Jun-20	PV-06-011	DSA trip for Bomi	Veronica Nimene	200.00	-	No evidence of travel settlement and Disbursement form
8	23-Jul-19	PV-07-107	DSA and Materials to conduct survey	Samuel Danway Jr	-	95,200.00	No evidence of travel settlement and Disbursement form
9	4-Mar-20	PV-03-030	DSA payment for Ten days (10) to foya for community self-identification validation mission	J. Adams Manobah	600.00		No evidence of travel settlement and Disbursement form
10	4-Mar-20	PV-03-031	DSA payment for Ten days (10) to foya for community self-identification validation mission	L. Kulah Jackson	600.00		No evidence of travel settlement and Disbursement form
11	4-Mar-20	PV-03-032	DSA payment for Ten days (10) to foya for community self-identification	Lincoln S. Flomo	500.00		No evidence of travel settlement and Disbursement

No.	DATE	VH no.	Description	Payee	US\$	L\$	ANOMALY
			validation mission				form
12	4-Mar-20	PV-03-033	DSA payment for Ten days (10) to foya for community self-identification validation mission	Julius B.Karwa	500.00		No evidence of travel settlement and Disbursement form
13	4-Mar-20	PV-03-034	DSA payment for Ten days (10) to foya for community self-identification validation mission	Jerome Vanjahkolli e	500.00		No evidence of travel settlement and Disbursement form
14	28-Feb-20	Pv-02-025	DSA for reconnaissance survey for two days	Habib Falleh Saad		60,140.00	No evidence of travel settlement and Disbursement form
Total					4,876.00	155,340.00	