



## **Management Letter**

### **On the Financial Statements Audit of the Liberia COVID-19 Emergency Response Project**

*For the year ended December 31, 2023*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
June 2024

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## **Acronyms**

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
AFP	Audit Focal Person
AG	Auditor General
APA	Assistant Project Accountant
CBL	Central Bank of Liberia
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
DSA	Daily Substance Allowance
FS	Financial Statements
GAC	General Auditing Commission
GoL	Government of Liberia
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MOH	Ministry of Health
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PPC	Public Procurement and Concessions Act
PIU	Project Implementation Unit
UNOPS	United Nations Office for Project Services
USD/US\$	United States Dollars
SPA	Senior Project Accountant
WHO	World Health Organization

June 28, 2024

Hon. Louise M. Kpoto, M.D.

**Minister**

Ministry of Health (MoH)

J.N. Togba Sr. Building

P.O. Box 10-0-9009, Congo Town

Monrovia, Liberia

**Dear Dr. Kpoto:**

**Re: Management Letter on the Financial Statement Audit of the Liberia Covid-19 Emergency Response Project for the Fiscal Period Ended December 31, 2023.**

The Financial Statements of the Liberia Covid-19 Emergency Response Project for the Fiscal Period Ended December 31, 2023 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under section 2.1.3 of the GAC Act of 2014 and the Audit Engagement Term of Reference.

**INTRODUCTION**

The audit of the Liberia Covid-19 Emergency Response Project financial statements for the Fiscal Period Ended December 31, 2023 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the audit.

**SCOPE AND DETERMINATION OF RESPONSIBILITY**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

An audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.



*Management Letter On the  
Financial Statement Audit of the Liberia COVID-19 Emergency Response Project  
For the Fiscal Year January 1 to December 31, 2023*

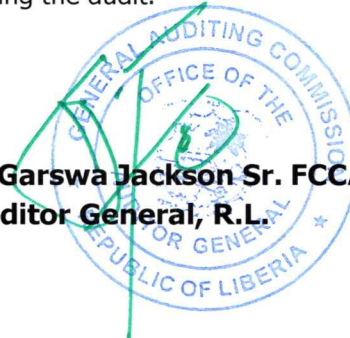
The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management. Our responsibility is to express our opinion on these financial statements.

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

**Appreciation**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staffers of the Liberia COVID-19 Emergency Response Project during the audit.

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



**Monrovia, Liberia**  
June 2024

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Non-Remittance of Withholding Taxes

##### Criteria

- 1.1.1.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.1.1.2 Section 91. (a) of the revised Revenue Code of 2011 states that; A person required under the provisions of this Code or regulations hereunder to withhold, collect, segregate, account for, or pay over any tax or other revenues of the Republic and who knowingly fails to do so commits a misdemeanor. Upon conviction, in addition to any other sanctions that may be provided by law, the person is subject to a fine of not more than \$50,000.00, imprisonment for not more than one year, or both.

##### Observation

- 1.1.1.3 During the audit, we observed that Management withheld the total amount of US\$13,200 as taxes from payment of services rendered by staff, contractors and consultants of the project.
- 1.1.1.4 However, we observed no evidence that the taxes were remitted to the Consolidated Account. **See table 1 below for details:**

**Table 1: Non-Remittance of Withholding Taxes**

#	Position	Gross	10%	Total number of	Total amount of tax
		Salary	US\$	months	US\$
		US\$			
1	Finance Assistant	2,500.00	250	12	3,000.00
2	Program Officer	3,000.00	300	12	3,600.00
3	Social safeguard Officer	2,200.00	220	12	2,640.00
4	Office/ Attendant	300.00	30	12	360.00
5	Office/ Attendant	300.00	30	12	360.00

#	Position	Gross	10%	Total number of	Total amount of tax
		Salary	US\$	months	US\$
		US\$			
6	Office/ Attendant	300.00	30	12	360.00
7	Office/ Attendant	300.00	30	12	360.00
8	Office/ Attendant	300.00	30	12	360.00
9	Office/ Attendant	300.00	30	12	360.00
10	Driver	300.00	30	12	360.00
11	Driver	300.00	30	12	360.00
12	Driver	300.00	30	12	360.00
13	Driver	300.00	30	12	360.00
14	Driver	300.00	30	12	360.00
	Total	11,000.00	1,100.00		13,200.00

### Risk

- 1.1.1.5 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.1.6 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia Act of 2000, which may result in to penalties for late payment and failure to pay.
- 1.1.1.7 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

### Recommendation

- 1.1.1.8 Management should provide substantive justification for not remitting withholding taxes to the Consolidated Account.
- 1.1.1.9 Going forward, Management should facilitate full remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of withholding taxes including original copies of flag receipts and other relevant supporting records should be adequately documented and filed to facilitate future review.

### Management's Response

- 1.1.1.10 *During the period, we were unable to process any tax payment to LRA on both UBA and GT Bank's Platform. We tried several times and no payment was successful.*
- 1.1.1.11 *The Auditor is aware that we have been having challenges with making payments to LRA for taxes on GT Bank's platform. Hence, no tax was remitted during the period under*



review.

### Auditor General Position

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

### 1.1.2 Non-Explanation of Material Variances

#### Criteria

1.1.2.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that, an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:

1.1.2.2 By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

#### Observation

1.1.2.3 During the audit, we observed that Management did not include explanatory notes to the financial statements on the material variance of US\$125,464 between the budget and actual amounts. **See table 2 below for details.**

**Table 2: Non-Explanation of Material Variances**

Activities with in components	Annual	Actual Expenditure US\$	Variance	Percentage
	Approved Budget	(B)	US\$	Variance
	US\$ (A)		C=(A-B)	%
Emergency Preparedness & Response	445,019	347,352.00	97,667.00	22%
Program Management & Coordination, Monitoring and Evaluation	507,335	479,538.00	27,797.00	5%
<b>Total</b>	<b>952,354.00</b>	<b>826,890.00</b>	<b>125,464.00</b>	

**Risk**

- 1.1.2.4 Failure to include notes or explanation for material variances between budgetary and actual amounts in the financial statements may deny users of the financial statements' information needed to make informed decisions.
- 1.1.2.5 Fair presentation and full disclosure may be impaired.

**Recommendation**

- 1.1.2.6 Management should adjust the financial statements and include in the notes to the financial statements' explanations for material variances between the budgetary and actual amounts cataloged in table-3 above. The adjusted financial statements should be forwarded to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.2.7 Going forward, Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

**Management's Response**

- 1.1.2.8 *This was subsequently addressed in the revised financial statements. Please see Exhibit*

**Auditor General Position**

- 1.1.2.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustments of the financial statements.

**1.1.3 Irregularities Associated with the Management of the Project Assets**

**Criteria**

- 1.1.3.1 Section seven (7) F of the Ministry of Health Fixed Assets & Warehouse Management Standard Operating Procedures (SOPs) Manual requires that Fixed Assets Register be maintained, updated and the results of the physical count should be used to update the Fixed Asset Register. Differences between actual and recorded assets should be reconciled. The report of the physical count shall be reviewed and reconciled by the Fixed Asset Accountant and Internal Audit. Discrepancies that cannot be reconciled must be brought to the attention of senior management.
- 1.1.3.2 Additionally, Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:
- the date and other details of the voucher or other document on which the items were received or issued;



- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held.”

### **Observation**

1.1.3.3 During the audit, we observed the following irregularities associated with the project’s assets management system at Project Implementation Unit and various health facilities in the counties:

- The fixed assets register did not contain all the relevant columns.
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.
- Some of the project’s fixed assets were not coded.
- Fixed assets within a given vicinity were not displayed as required by the PFM Act.
- According to the Management of the Margibi C.H Rinnie Hospital, the ventilator, value US\$34,975 received by the Hospital got burned. Therefore, could not be provided for audit verification.
- Two ventilators value US\$69,950 received by the Management of the Emirates Hospital in Gbopolu were not made available for audit verification.
- The assignees of some assets were not included in the Fixed Assets Register.
- Two ventilators, value US\$69,950 received by the Management of Bomi Liberia Government Hospital were not provided for audit verification
- Six (6) ventilators, value US\$209,850 received by the Management of JFK Hospital were not available for audit verification. See details in table 3 below:

**Table 3: Ventilators not Provided for Audit Verification**

N o.	Asset Descriptio n	Asset Value/C ost \$	Alternate Asset Code	Serial/ En gine #	Asset Location	Assignee
1	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005995-WBF	GB-2V00465	Montserrado (JFK)	Mark Luke
2	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005994-WBF	GB-2V00473	Montserrado (JFK)	Mark Luke
3	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005993-WBF	GB-2V00464	Montserrado (JFK)	Mark Luke
4	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005980-WBF	GB-2V00480	EMS/JFK	MARK LUKE
5	SV 300 ventilator	34,975.00	HW-0000-COV-ME-005981-WBF	GB-2V00469	JFK Hospital	Mrs. Nyaquie
6	SV 300 ventilator	34,975.00	HW-0000-COV-ME-005979-WBF	GB-2V00475	JFK Hospital	Mrs. Nyaquie
7	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005982-WBF	GB-2V00471	C.H Rinnie Hospital	N/A
8	SV 300 ventilator	34,975.00		GB-2V00474	Gbarpolu	Chief Jallonalone Hospital
9	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005985-WBF	GB-2V00474	Gbarpolu	Chief Jallonalone Hospital
10	SV 300 ventilator	34,975.00		GB-2V00482	Bomi	Bomi Lib. Gov. Hospital
11	SV 300 ventilator	34,975.00	HW-1100-COV-ME-005986-WBF	GB-2V00482	Bomi	Bomi Lib. Gov. Hospital
<b>Total</b>		<b>384,725.00</b>				

**Table 4: Some Assets without Code and Locations**

No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
1	VENTILATOR	34,975.00	N/A	GB-2V00472		N/A
2	VENTILATOR	34,975.00	N/A	GB-2V00472	Maryland County	J.J. Dossen Hospital/OR-Recovery Room
3	VENTILATOR	34,975.00	HW-1100-COV-ME-005988-WBF	GB-2V00468	Lofa Hospital	N/A
4	VENTILATOR	34,975.00	N/A	GB-2V00472		N/A
5	VENTILATOR	34,975.00	N/A	GB-2V00472		N/A
6	VENTILATOR	34,975.00	N/A	GB-2V00472		N/A
12	Ultra low temperature Freezer	6,800.51	N/A	NA	Bomi	N/A
13	Ultra low temperature Freezer	6,800.51	N/A	NA	Bomi	N/A
14	Ultra low temperature Freezer	6,800.51	N/A	NA	Bomi	N/A
15	Ultra low temperature Freezer	6,800.51	N/A	NA	Bong	N/A
16	Ultra low temperature Freezer	6,800.51	N/A	NA	Bong	N/A
17	Ultra low temperature Freezer	6,800.51	N/A	NA	Bong	N/A
18	Ultra low temperature Freezer	6,800.51	N/A	NA	Bassa	N/A

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No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
19	Ultra low temperature Freezer	6,800.51	N/A	NA	Bassa	N/A
20	Ultra low temperature Freezer	6,800.51	N/A	NA	Bassa	N/A
21	Ultra low temperature Freezer	6,800.51	N/A	NA	Cape Mount	N/A
22	Ultra low temperature Freezer	6,800.51	N/A	NA	Cape Mount	N/A
23	Ultra low temperature Freezer	6,800.51	N/A	NA	Cape Mount	N/A
24	Ultra low temperature Freezer	6,800.51	N/A	NA	Margibi	N/A
25	Ultra low temperature Freezer	6,800.51	N/A	NA	Margibi	N/A
26	Ultra low temperature Freezer	6,800.51	N/A	NA	Margibi	N/A
27	Ultra low temperature Freezer	6,800.51	N/A	NA	Lofa	N/A
28	Ultra low temperature Freezer	6,800.51	N/A	NA	Lofa	N/A
29	Ultra low temperature Freezer	6,800.51	N/A	NA	Lofa	N/A
30	Ultra low temperature Freezer	6,800.51	N/A	NA	Montserrado	N/A
31	Ultra low temperature Freezer	6,800.51	N/A	NA	Montserrado	N/A
	Ultra low temperature Freezer	6,800.51	N/A	NA	Montserrado	N/A



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No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
32						
33	Ultra low temperature Freezer	6,800.51	N/A	NA	Montserrado	N/A
34	Ultra low temperature Freezer	6,800.51	N/A	NA	Montserrado	N/A
35	Ultra low temperature Freezer	6,800.51	N/A	NA	Nimba	N/A
36	Ultra low temperature Freezer	6,800.51	N/A	NA	Nimba	N/A
37	Ultra low temperature Freezer	6,800.51	N/A	NA	Nimba	N/A
38	Ultra low temperature Freezer	6,800.51	N/A	NA	Central Vaccine Store	N/A
39	Ultra low temperature	6,800.51	N/A	NA	Central Vaccine Store	N/A
40	Ultra low temperature Freezer	6,800.51	N/A	NA	Central Vaccine Store	N/A
41	Ultra low temperature Freezer	6,800.51	N/A	NA	Central Vaccine Store	N/A
42	Ultra low temperature Freezer	6,800.51	N/A	NA	CMS	N/A
43	Ultra low temperature Freezer	6,800.51	N/A	NA	CMS	N/A
44	Ultra low temperature Freezer	6,800.51	N/A	NA	CMS	N/A
45	Ultra low temperature Freezer	6,800.51	N/A	NA	CMS	N/A



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No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
46	Ultra low temperature Freezer	6,800.51	N/A	NA	CMS	N/A
47	Ultra low temperature Freezer	6,800.51	N/A	NA	Bong Regional Store	N/A
48	Ultra low temperature Freezer	6,800.51	N/A	NA	Bong Regional Store	N/A
49	Ultra low temperature Freezer	6,800.51	N/A	NA	Drand Gedeh	N/A
50	Ultra low temperature Freezer	6,800.51	N/A	NA	Drand Gedeh	N/A
51	Ultra low temperature Freezer	6,800.51	N/A	NA	Grand Gedeh	N/A
52	Ultra low temperature Freezer	6,800.51	N/A	NA	G. Gedeh Regional Store	N/A
53	Ultra low temperature Freezer	6,800.51	N/A	NA	G. Gedeh Regional Store	N/A
54	Ultra low temperature Freezer	6,800.51	N/A	NA	Rivergee	N/A
55	Ultra low temperature Freezer	6,800.51	N/A	NA	Rivergee	N/A
56	Ultra low temperature Freezer	6,800.51	N/A	NA	Rivergee	N/A
57	Ultra low temperature Freezer	6,800.51	N/A	NA	Sinoe	N/A
58	Ultra low temperature Freezer	6,800.51	N/A	NA	Sinoe	N/A
	Ultra low temperature					

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No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
59	Freezer	6,800.51	N/A	NA	Maryland	N/A
60	Ultra low temperature Freezer	6,800.51	N/A	NA	Maryland	N/A
61	Ultra low temperature Freezer	6,800.51	N/A	NA	Maryland	N/A
62	Oxygen Plant	32,953.60	N/A	N/A	Monterrado	JFK Compound
63	Oxygen Plant	40,745.03	N/A	N/A	Bassa	Grand Bassa Government Hospital
64	Generator	20,932.40	HW-0000- RDS-PM-007788-WB	N/A	Monterrado	PIU/Ministry of Health
65	Ventilator	34,975.00	HW-1100-COV-ME- 005986-WBF	GB-2V00482	Bomi Lib. Gov. Hospital	N/A
66	Ventilator	34,975.00	HW-1100-COV-ME- 005987-WBF	GB-2V00477	Cape Mount Robertsport Hospital	N/A
67	Ventilator	34,975.00	HW-1100-COV-ME- 005985-WBF	GB-2V00474	Gbarpolu-Chief Jallonalone Memorial Hospital	N/A

No.	Asset Type	Asset Value/Cost \$	Alternate Asset Code	Serial/Engine #	Asset Location	Assignee
68	Ventilator	34,975.00	HW-1100-COV-ME- 005983-WBF	GB-2V00480	Grand Bassa Lib. Gov. Hospital	N/A
69	Ventilator	34,975.00	HW-1100-COV-ME- 005988-WBF	GB-2V00468	Lofa Hospital	N/A
70	Ventilator	34,975.00	HW-1100-COV-ME- 005982-WBF	GB-2V00471	Margibi C.H Rinnie Hospital	N/A
			HW-1100-COV-ME- 005989-WBF	GB- 2V00483		

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71	Ventilator	34,975.00			Nimba Hospital	N/A
73	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	J.F. Doe Hospital
74	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	J.F. Doe Hospital
75	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	G.W. Harley Hospital
76	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	G.W. Harley Hospital
77	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	G.W. Harley Hospital
78	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	G.W. Harley Hospital
79	Oxygen Concentrator	1,119.00	N/A	N/A	Nimba County	G.W. Harley Hospital
80	Oxygen Concentrator	1,119.00	N/A	N/A	N/A	N/A
81	Oxygen Concentrator	1,119.00	N/A	N/A	N/A	N/A
82	Oxygen Concentrator	1,119.00	N/A	N/A	N/A	N/A
83	Oxygen Concentrator	1,119.00	N/A	N/A	N/A	N/A
84	Oxygen Concentrator	1,119.00	N/A	N/A	N/A	N/A

**Table 5: Vehicle not accounted for**

Assets Type	Assets Cost	Assets Code	Assets Alternative Code	Assets Serial Number	Asset Serial number	Asset Location
Vehicle	Toyota LC Pick-UP, 4WD, 3 Seated	61,134.31	LB-1016	GSA-MOH-05-23	JTELB71J30B042699	BOMI COUNTY

### **Risk**

- 1.1.3.4 Fixed Assets Register may be misstated (Over/understated).
- 1.1.3.5 Assets may be damaged or impaired but their values are still on the books.
- 1.1.3.6 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.1.3.7 The lack of asset movement log could make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.1.3.8 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 project's objectives.
- 1.1.3.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

### **Recommendation**

- 1.1.3.10 Management should ensure that the fixed assets register is updated to reflect the following; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation, net book value and disposal history of the asset.
- 1.1.3.11 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.
- 1.1.3.12 The Fixed Assets Register should be updated periodically to reflect all the project's assets.



- 1.1.3.13 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of periodic physical verification should be adequately documented and filed to facilitate future review.
- 1.1.3.14 Fixed assets within particular vicinity should be clearly displayed as required by the PFM Act.
- 1.1.3.15 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 asset.

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

- 1.1.3.16 *As per the auditor's recommendation, the fixed assets register was updated to include the recommended headings except for depreciation and accumulated depreciation because the project is using the IPSAS cash basis for reporting.*
- 1.1.3.17 *For observation noted in Table 3 (Ventilators not provided for Audit Verification), most of the assets mentioned were verified by the PIU prior to the audit as recommended by the auditors in prior audit recommendations. **See attached photos of verified assets by the PIU.***
- 1.1.3.18 *For the observation noted in Table 4 (Some Assets without Code and Locations), the assets register has been updated and will be shared with the audit team.*
- 1.1.3.19 *For the observation noted in Table 5 (Vehicle not accounted for), vaccine van with plate number LB-1016 is available at the central MOH. The MOH previously provided pictorial of the vehicle and was shared with Mr. Buster D. Bryant (GAC Auditor). **Please see Exhibit III (Tables 3 & 5)***

#### **Auditor General Position**

- 1.1.3.20 We acknowledge Management's assertion relative to the use of the IPSAS Cash Basis Financial Reporting Framework, thereby limiting the need for depreciation, accumulated depreciation and net book value 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 depreciation, accumulated depreciation and net book value are required and thereby encouraged. Relative to fixed assets unverified and not coded, in the absence of existing evidence we maintain our findings and recommendations. Also, Management did not respond to other discrepancies identified.



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

#### **1.1.4 Variance between Quantity of Mobile Phones Purchased per Payment Voucher and Quantity Purchased (Additions) per Fixed Assets Register**

##### **Criteria**

1.1.4.1 Regulations A.3 of the Public Financial Management (PFM) Act of 2009 as amended and restated 2019 states" 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**

1.1.4.2 During the audit, we observed that Management disbursed funds amounting to US\$5,097.96 for the purchase of sixty-eight (68) pieces of mobile smart phones for sixty- seven (67) health facilities.

1.1.4.3 However, we observed a variance of forty-five (45) pieces between the mobile smart phones purchased per the payment vouchers and the quantity of mobile smart phones subsequently recorded in the fixed assets register as additions. Additionally, we observed no evidence of distribution log utilized for the distribution of mobile smart phones.

##### **Risk**

1.1.4.4 Fixed assets may be misstated/understated.

1.1.4.5 Fixed assets procured may not be received by approved beneficiaries, misappropriated, subjected to personal use or theft.

##### **Recommendation**

1.1.4.6 Management should account for the variance between fixed assets procured per the payment vouchers and fixed assets subsequently recorded in the fixed assets register.

1.1.4.7 Management should also provide evidence of receipt of mobile smart phones distributed

to approved beneficiaries. Evidence of approved distribution logs should be submitted to the Office of the Auditor General as part of Management response to this Management Letter.

- 1.1.4.8 Going forward, Management should ensure that the fixed assets register is comprehensively and timely updated using the relevant source and supporting documents to reflect all assets purchased. Management should also perform periodic reconciliation among fixed assets procured, fixed assets recorded in the fixed assets register and fixed assets physically verified. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.1.4.9 Management should maintain the distribution logs utilized for the distribution of fixed assets to approved beneficiaries.
- 1.1.4.10 Evidence of approved distribution logs, periodic physical verification and reconciliations of fixed assets should be adequately documented and filed to facilitate future review.

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

- 1.1.4.11 *Kindly note that the quantity variance of forty-five (45) pieces between the mobile smartphones purchased per the payment voucher and the number of mobile smartphones subsequently recorded in the fixed assets register as additions was due to duplication in the consolidation of the portfolio's fixed assets register during the PIU periodic verification exercise. See attached distribution list for the mobile smartphones. Please see Exhibit VI*

#### **Auditor General Position**

- 1.1.4.12 We acknowledge Management's subsequent submission of distribution logs after our audit execution. However, the copies of distribution log submitted displayed only thirty-five (35) recipients compared to the sixty-eight (68) phones procured by Management. Also, Management did not produce evidence of the duplication of additions on the fixed assets register as asserted by Management.
- 1.1.4.13 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

### **1.1.5 Delay in COVID-19 Project Implementation**

#### **Criteria**

- 1.1.5.1 On April 2, 2020, the World Bank Board approved the Multiphase Programmatic Approach supported under the Fast-Track COVID-19 Facility (FTCF). The project

development objective is to prepared and response to the COVID-19 pandemic in Liberia.

### Observation

- 1.1.5.2 During the audit, we observed that the implementation of the Liberia COVID-19 Emergency Response Project activities under Emergency Preparedness Response and Program Management & coordination, monitoring and evaluation have been slow in implementation. For example, none of the activities under this sub-component have been completed.
- 1.1.5.3 Consequently, our review of the project annual approved budget indicated significant variance/under disbursement between approved budget and actual expenditures incurred for the implementation of the project components mentioned above. **See table 7 below for details**

**Table 11: Delay in Project implementation**

Activities within components	Annual Budget	Actual Expenditure	Variance	Percentage % variance
	US\$	US\$	US\$	
Emergency Preparedness Response	445,019.00	347,352.00	97,667.00	22%
Program Management & coordination, monitoring and evaluation	507335.00	479538.00	27,797.00	5%
<b>Total</b>	<b>952,354.00</b>	<b>826,890.00</b>	<b>125,464.00</b>	

### Risk

- 1.1.5.4 Untimely achievement of project deliverables may lead to additional expenditures (fixed costs) of the project.
- 1.1.5.5 Project objectives may not be achieved in the absence of effective project implementation and coordination.
- 1.1.5.6 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

### Recommendation

- 1.1.5.7 Management should assess the current status of the work performed, the contractors' capacity to complete the project deliverables cataloged above, and update the Office of the Auditor General as part of Management's response to this Management Letter.



- 1.1.5.8 Going forward, Management should develop, approved and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverables and corresponding payments required to implement each phase of approved deliverables. The work plan should be discussed and agreed with the contractors and included as supplementary documentation to the approved contracts. Management should ensure that the contractors submits a completion certificate upon completion of deliverables and validate the deliverables before further payments are made to Contractors.
- 1.1.5.9 Management should facilitate periodic monitoring and evaluation of project activities to ensure that services paid for are performed in a timely manner consistent with approved work plans and contracts.

**Management's Response**

- 1.1.5.10 *The delay in the project implementation was largely due to changes in procurement decision for laboratory equipment and supplies by end users. Additionally, the 2023 General and Presidential elections also impacted the variance. Ministers and Deputy Ministers who were signatories to the project account were involved with exercising their political franchise at different locations in the country.*

**Auditor General Position**

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

**1.1.6 Statement of Responsibility Included in the Financial Statements**

**Criteria**

- 1.1.6.1 During the adoption of IPSAS Cash Basis by the Government of Liberia in 2009, The Government of Liberia mandated all Ministries and Agencies to present the Statement of Responsibilities in financial reporting as well as fulfilling the mandatory requirements of Part 1 of this Standard.

**Observation**

- 1.1.6.2 During the audit, we observed that Management did not disclose in the project financial statements, a statement of responsibilities as required by the Public Financial Management Act of 2009 and in compliance with Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

### **Risk**

- 1.1.6.3 Ownership, fair presentation and full disclosure of the financial statements may be impaired.

### **Recommendation**

- 1.1.6.4 Management should adjust the financial statements and include the statement of responsibilities. The adjusted financial statements should be forwarded to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.6.5 Going forward, Management should fully disclose in the financial statements a statement of responsibilities as required by the Cash Basis International Public Sector Accounting Standards, adopted by the Government of Liberia.
- 1.1.6.6 The financial statements should be comprehensively reviewed by senior personnel with the relevant qualification and experience to ensure that all components of the financial statements are included accordingly.

### **Management's Response**

- 1.1.6.7 *This was subsequently addressed in the revised financial statements. **Please see Exhibit I***

### **Auditor General Position**

- 1.1.6.8 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.

## **1.1.7 Lack of Signing Dates of the Interim Financial Reports**

### **Criteria**

- 1.1.7.1 Section 4.11.5 of the PFMU Financial Procedures Manual of 2020 required that at the end of every quarter, Interim Financial Report shall be prepared for all projects by the PFMU within forty-five (45) days.
- 1.1.7.2 Additionally, Paragraph 1.4.5. of the Revised Cash Basis IPSAS (November 2017) states "An entity shall disclose the date when the financial statements were authorized for issue and who gave the authorization. If another body has the power to amend the financial statements after issuance, the entity shall disclose that fact."

### **Observation**

- 1.1.7.3 During the audit, we observed that the interim financial Reports (IFRs) of the project signed by the Director of Donor Funded Projects and the Project Implementation Unit



Manager did not specify the dates of preparation and approval of the IFRs.

#### **Risk**

- 1.1.7.4 Management may be non-compliant with Section 4.11.5 of the PFMU Financial Procedures Manual of 2020 and Paragraph 1.4.5. of the IPSAS Cash basis of reporting.
- 1.1.7.5 In the absence of the date of preparation and approval of the financial statements, the timely preparation of the financial statements may not be assured.

#### **Recommendation**

- 1.1.7.6 Management should adjust the financial statements to include the dates of preparation and approval of the financial statements adjacent to the signatures of the authorizers. The adjusted financial statements should be forwarded to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.1.7.7 Going forward, Management should include the dates of preparation and approval of the financial statements adjacent to the signatures of the authorizers.

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

- 1.1.7.8 *We take note of the Auditor's Recommendation. Kindly find attached the revised financial statements. **Please see Exhibit I***

#### **Auditor General Position**

- 1.1.7.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment of the financial statements.

#### **1.1.8 Irregularities with Employees Attendance Criteria**

- 1.1.8.1 The Ministry of Health Financial Management Policies and Procedure Manual required that normal weekly working hours for all staff, except security, shall be from 09:00 a.m. to 17:00 p.m. Monday to Friday with a one-hour lunch break. The employee may be absent from work only with the prior consent of the employer, and where circumstances preclude this consent must be sought immediately afterward.

#### **Observation**

- 1.1.8.2 During the audit, we observed that some project staff were not signing the attendance log at the start and end of the work day. We observed instances where staff signed in but did not sign out after regular working hours.

**Risk**

- 1.1.8.3 Failure to maintain, monitor and supervise personnel attendance records may result to compensation of non-deserving employees. This practice may facilitate an inappropriate work culture for staff and may subsequently impair the operation and performance of the project.
- 1.1.8.4 Management may facilitate payments to illegitimate/non-existing personnel (ghost).

**Recommendation**

- 1.1.8.5 Management should ensure that personnel attendance records are maintained and regularly monitored by a designated staff and that employees should be reprimanded in line with The Ministry of Health Financial Management Policies and Procedure Manual for failing to report to work.
- 1.1.8.6 Human Resource should initiate periodic spot check to ascertain the accuracy of attendance records.
- 1.1.8.7 Evidence of daily attendance logs and monthly time sheets should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.8.8 *Management will ensure that personnel attendance records are properly maintained and regularly monitored by a designated staff.*

**Auditor General Position**

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

### STATUS OF PRIOR YEAR RECOMMENDATIONS (COVID-19 2022)

Auditee: COVID-19		Implementation Level of Prior Year Audit Recommendations			
Paragraph #	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee	Work Done
1.1.1	Unpresented Checks	COVID-19 Project Management	Management should ensure that all checks written for payment of withholding taxes should be deposited in the General Revenue Account in a timely manner.	Partially implemented	The same issue is being repeated from our review of the project bank reconciliation.
1.1.3	Unexplained Material Variance	COVID-19 Project Management	Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017)	Unresolved	We review the project financial statements and observed the same issue repeated
1.1.5	Irregularities Associated with the project Fixed Assets	COVID-19 Project Management	Management should ensure that the fixed asset register is updated to reflect the following: description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the asset.	Partially Implemented	We review the fixed assets schedule and observed that the same issue is being repeated.

*Management Letter On the  
Financial Statement Audit of the Liberia COVID-19 Emergency Response Project  
For the Fiscal Year January 1 to December 31, 2023*

<b>1.1.6</b>	<b>Signing date of the Financial Statements not specified</b>	COVID-19 Project Management	Management should adjust the financial statements to include the date of preparation of the financial statements adjacent to the signatures of the authorizers.	Implemented	We review the project financial statements and observed that the issue is being implemented.
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