Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

On the Compliance Audit of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited

For the period July 1, 2022, to October 31, 2024

February 2025

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

Republic of Liberia

TRANSMITTAL LETTER

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

We have undertaken a Compliance Audit on the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

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

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

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

Monrovia, Liberia
March 2025

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
LRA	Liberia Revenue Authority
CFIP	Certified Forensic Investigation Professional
CFC	Certified Financial Consultant
FCCA	Fellow Member of the Association of Chartered Certified Accountant
GAC	General Auditing Commission
GOL	Government of Liberia
DI	Destination Inspection
US$	United States Dollar

March 31, 2025

Hon. James Dorbor Jallah
Commissioner General
Liberia Revenue Authority
Monrovia, Liberia

Compliance Audit Report on the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024

Adverse Conclusion

The General Auditing Commission has conducted a compliance audit on the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024. 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 General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited.

Based on the audit work performed, we found that, because of the significance of the matters noted in the Basis for Adverse Conclusion Paragraphs below, the operations of the the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited are not in compliance with the contract terms, stated laws and regulations for the period July 1, 2022, to October 31, 2024.

Basis for Adverse Conclusion

During our compliance audit of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024, we identified several significant non-compliance issues that have led to our adverse opinion. The entity does not comply with relevant Laws/Regulations/Standards due to the following reasons:

1.1 Financial Irregularities:

Non-remittance of GoL Revenue

During the audit, we observed that the Liberia Revenue Authority (LRA) did not remit US$6,775,954.07 into the consolidated revenue account, which was derived from the approved 20% fees related to the Destination Inspection agreement between the Government of Liberia and Medtech Scientific Limited. The non-remittance is a violation of Regulation B.8. (1) of the PFM Act of 2009 as Amended and Restated (2019). As the result of the non-compliance, the Government of Liberia is denied much needed revenue to fund its operations.

Non-adherence to Transitory Account Deposit Requirements

During the audit, we observed that fees generated from the Destination Inspection Agreement were not deposited into the transitory account at EcoBank as specified in the contract terms for the period August 2021 to October 2024. The LRA Management is in violation of Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited for non-adherence to the Transitory Account deposit requirements.

1.2 Expenditure Related Issue:

Payments without Adequate Supporting Documents

We identified that expenditure amounting to US$1,306,051.27 made by Medtech (from GoL's 20% share retained by Medtech) on behalf of LRA and expenditure facilitated directly by LRA from GoL's 20% share of revenue were not supported by adequate documentation such as payment vouchers, payment requests, purchase orders, receipts, contracts, approved procurement plans, bid documents, evaluation reports, procurement committee reports, and delivery notes. The inadequate documentation is a violation of Regulation A. 3 (1 and 2) of the PFM Act, 2009 as Amended and Restated in 2019. The deficiency associated with the inadequate documentation of transactions increases the risk of fraud and errors, compromising the reliability of financial information.

Non-compliance with Approved Service Fees

During the audit, we observed from a review of the monthly reports on the operations of the DI Agreement from MedTech Scientific Limited that the approved fees outlined in the contract terms were not consistently applied. The Non-compliance with approved service fees is a violation Section 5.7 of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited. The inconsistent application of approved fees has a material impact of Government's revenue generation.

Non-implementation of Contract Deliverables

During the audit, we observed no documented evidence indicating the implementation of deliverables such as the provision of 3D stationery container scanner, 3D baggage scanner, closed circuit television, forklifts for unsnuffing, etc., as outlined in Sections 5.5 and 5.6(a) of the Service Provider Agreement signed between LRA and MedTech Scientific Limited. Furthermore, upon review of the monthly operation reports submitted for audit, we observed no evidence of asset acquisition, construction progress for the DI site, or the procurement of IT infrastructure as required by the agreement. The non-compliance with provisions of the Agreement denied the LRA some basic equipment and other assets needed to facilitate comprehensive and accurate custom management.

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

Monrovia, Liberia
March 2025

INTRODUCTION

The compliance audit on the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024

Background

In April 2021, an agreement was signed between MedTech Scientific Limited and the Government of Liberia, with the contract officially taking effect on July 1, 2021. The agreement was signed by key representatives from both parties. Ramzi Abou-Hassan, the Chief Executive Officer of MedTech Scientific Limited, represented the company, while officials from the Government of Liberia included Thomas Doe Nah, the Commissioner General of the Liberia Revenue Authority; Mawine G. Diggs, the Minister of Commerce and Industry; Molewuleh Gray, Esq., from the National Investment Commission; and Samuel D. Tweh, the Minister of Finance and Development Planning. The signing of the agreement was also attested by Cllr. Frank Musah Dean, Jr., the Minister of Justice and Attorney General of Liberia.

MedTech Scientific Limited is officially registered in the United Arab Emirates, holding the registration number 156463. The contract spans ten years, with an option for extension upon providing one year's prior notice to the Government of Liberia.

The contract encompasses several components. MedTech Scientific Limited is responsible for the procurement and construction of infrastructure, the development and installation of technology, and the execution of destination inspections. Under Section 5.5 of the contract, the company is required to provide assets, equipment, and facilities, contingent upon the Government providing suitable land for immediate construction operations.

Additionally, technology development and installation, referenced in Section 5.6, will involve implementing appropriate computer programs, software, and systems for digital inspections and the management of inspection reports. Destination inspections will commence upon the arrival of consignments and the completion of importer payments, which include scanning containers, conducting documentary checks, classifying and valuing goods, and issuing the Destination Inspection Certificate.

To ensure compliance, Section 8.2 mandates that all products imported into Liberia undergo inspections unless legally exempt. Only products that pass inspection will be permitted entry into the Liberian market.

The payment structure outlined in Section 9.1 indicates that service fees payable to MedTech Scientific Limited must be prepaid by the importer or exporter into a special transitory account established at ECOBANK Liberia before any clearing services or inspections begin. As detailed in Annex C, the Liberia Revenue Authority will retain 20% of the service fees on behalf of the Government of Liberia, while MedTech Scientific Limited will receive the remaining 80%. They will also jointly bear monthly service charges totaling US$100, along with any additional banking costs.
Furthermore, MedTech Scientific Limited is responsible for submitting monthly technical and financial reports to the Government of Liberia by the 20th of each subsequent month. These reports

will include details on the number of files processed, outcomes, as well as the categories of products and their countries of origin.

Finally, as stated in Annex D of the contract, key performance indicators include the completion of essential infrastructure, such as inspection ramps, warehouses, a deconsolidation warehouse, a customs office, and scanners, all expected to be delivered within 14 to 18 months after the execution of the contract.

Key Personnel

The following key personnel managed the affairs of the the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited for the period July 1, 2022, to October 31, 2024

No	Name	Position	Periods
1	Thomas Doe-Nah	Commissioner General, Liberia Revenue Authority (LRA)	2022 to 2024
2	James Dorbor Jallah	Commissioner General, Liberia Revenue Authority	2024 to present

Audit Objectives:

- To provide the intended user(s) with information on whether the audited public entity follows legislative decisions, laws, legislative acts, policy, established codes, regulations, and agreed-upon terms;

- To gather sufficient and appropriate audit evidence on whether the operations of the DI Agreement with special emphasis on (a) Procurement and/or Construction of Infrastructure (b)Development and installation of Technology (c) Destination Inspection (d) Payment of fees (e) Performance indicators are in all material respect, in compliance with relevant laws, legislative acts, regulations, policies, established codes, and agree-upon terms; and

- To report in terms of the GAC reporting requirements as spelled out in part four (4) of the GAC Act of 2014, the findings and conclusions to the National Legislature and the Office of the President.

Subject Matter Information

Operations of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited specially on the following issues:

(a) Procurement and/or Construction of Infrastructure
(b) Development and installation of Technology
(c) Destination Inspection
(d) Payment of fees
(e) Performance indicators

Audit Criteria

The following audit criteria were used during the audit which covers the period July 1, 2021 to October 31, 2024:

- Regulation B.1 of the Public Financial Management Act of 2009 as amended and restated in 2019.
- Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited
- Section 1.0 (2) of the Memorandum of Understanding between Medtech Scientific Limited and the Government of Liberia and Ecobank of Liberia Limited for the establishment of a transitory account
- Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited
- Regulation A. 3 (1 and 2) of the PFM Act, 2009, as amended and restated in 2019
- Section 5.7 of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited

Audit Methodology

The audit was conducted in accordance with ISSAI 4000 and INTOSAIs International Standards for Compliance Audit. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether LRA complied with laws and regulations. Our audit also took cognizance of the requirements under the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014. Our audit approach included observation, inquiries, inspections, confirmation, and analytical procedures on areas we considered high risk.

Limitation of Responsibility

We reviewed the systems and management controls operated by the LRA Management only to the extent we considered necessary for the effective conduct of this audit. As a result, our review may not have detected all weaknesses that existed or all improvements that could be made.

1 DETAIL FINDINGS AND RECOMMENDATION

1.1 Non-remittance of GoL Revenue

Criteria

1.1.1.1 Regulation B.1 of the Public Financial Management Act of 2009 as amended and restated 2019 states that "(1) Pursuant to section 4 of the Public Finance Management Act 2009 receipts into the Consolidated Fund or other public funds shall be classified as follows: (i) Tax Revenue, including taxes on income and profits, goods and services, and taxes on international trade and other transactions; (ii) Non-Tax Revenues and internally generated fund; (iii) Repayment of loans to Government; (iv) Domestic and external grants, other revenues received under an enactment; other receipts including the product of borrowing, repayment of government loans and advances, sale of government securities, sale of government equity investments, sale of other government assets, proceeds received by the State from licensing or selling any rights controlled by the State, including radio spectrum rights, natural resource exploration or exploitation rights, and intellectual property rights; and (v) Trust Moneys which are Deposits, Special and Trust Funds."

1.1.1.2 Additionally, Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited states that "The service fees are prepaid by the importer or exporter to the transitory account that will then be shared as agreed in the transitory account Mou".

1.1.1.3 Section 1.0 (2) of the Memorandum of Understanding between Medtech Scientific Limited and the Government of Liberia and Ecobank of Liberia Limited for the establishment of a transitory account states that "Authorization to deposit all fees into the Transitory Account: Further to section 1.1 hereof and as an essential prerequisite for funding and operating the Transitory Account established herein, the Parties mutually and irrevocably agree that all fees payable by Exporters and Importers for Services shall be deposited into the Transitory account for onward distribution to the parties, allowance being made at all times for the minimum account balance required by the general terms and condition of the Bank.

1.1.1.4 In April 2021, the Government of Liberia and Medtech Scientific Limited entered into a Destination Inspection Agreement, effective July 1, 2021. The agreement was signed by Ramzi Abou-Hassan, Chief Executive Officer of Medtech Scientific Limited, and representatives of the Government of Liberia, including:

1. Thomas Doe Nah, Commissioner General of the Liberia Revenue Authority (LRA)
2. Mawine G. Diggs, Minister of Commerce and Industry
3. Molewuleh Gray, Esq., representing the National Investment Commission (NIC)
4. Samual D. Tweh, Minister of Finance and Development Planning
5. Cllr. Frank Musah Dean, Jr., Minister of Justice and Attorney General of the Republic of Liberia.

Observation

1.1.1.5 During the audit, we observed that the Liberia Revenue Authority (LRA) did not remit US$6,775,954.07 into the consolidated revenue account, which was derived from the approved 20% fees related to the Destination Inspection agreement between the Government of Liberia and Medtech Scientific Limited.

1.1.1.6 Additionally, we observed that fees from the operations of the DI Agreement are currently held in a designated account known as the LRA—MTS Capacity Building Fund, maintained at Ecobank.

Risk

1.1.1.7 Management may be non-compliant to Regulation B.1 of the Public Financial Management Act of 2009 as amended and restated in 2019 and Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited.

1.1.1.8 Failure to transfer GoL revenue into the consolidated revenue account may deny GoL much-needed revenue to fund the operations of the government. This may also lead to misappropriation and misapplication of public funds.

Recommendation

1.1.1.9 Management should account for the US$6,775,954.07 of fees from the operations of the Destination Inspection agreement not remitted into GoL consolidated revenue account as required.

1.1.1.10 Going forward, Management should facilitate full and timely remittance of the GOL's 20% fees from the operations of the Destination Inspection Agreement into the GoL consolidated revenue account consistent with the terms of the agreement. Evidence of the full and timely remittance of fees from the operations of the Destination Inspection agreement, including bank statements, approved monthly operation reports of the Destination Inspection agreement, and other relevant supporting records, should be adequately documented and filed to facilitate future review.

Management's Response

1.1.1.11 During the January 20, 2025 preliminary exit meeting held with Engagement Manger Seeton, the Liberia Revenue Authority (LRA) stated that it acted in keeping with Section 1822 of the Liberia Revenue Code as amended page 222 (Customs Service Fees) as well as Section 9.3 page 21 of the Destination Inspection (DI) Agreement and Section 2.0 (iii) page 55 of the Dedicated DI Project Transitory Account MOU between the Government and the service provider. The Liberia Revenue Code as well as the DI Agreement mandates that the Customs Service fees be paid directly to the Liberia Revenue Authority for the issuance of Customs documents and performing other services in connection with the functions of Customs Department. Notwithstanding, the LRA awaits the conclusion of a case before the Supreme Court involving Medtech following which discussions will be held with a view of curing all defects and anomalies in the DI Contract – operationalization of a transitory *account being one of many issues to be remedied. However, please note that the Medtech funds is currently captured in the FY 2025 budget routed through a transitory account created by the Government. The referenced pages of the Liberia Revenue Code, the DI Agreement, and dedicated DI Project Transitory Account MoU are attached for your easy reference.*

Auditor General's Position

1.1.1.12 Management's assertion did not adequately address the issues raised. The references provided in Management's response comprehensively detailed the bank accounts designated for the remittances of DI fees through a transitory account for subsequent remittances to the service provider and the LRA in the revenue sharing proportion stipulated therein. However, we observed no statutory mandate for the subsequent usage of the DI fees for LRA operations. Regulation B.8. (1) of the PFM Act of 2009 as amended and restated in 2019 states that "All public moneys collected and retained by the Government agency shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of the monies collected in any manner between the time of its receipts and payment into the bank account except as provided by an enactment."

1.1.1.13 Therefore, Management should retain custody of the DI fees in LRA designated account and facilitate subsequent remittance to the consolidated account until the LRA can obtain a statutory mandate to expend said funding on the operations of LRA.

1.2 Non-adherence to Transitory Account Deposit Requirements

Criteria

1.2.1.1 Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited states that "The service fees are prepaid by the importer or exporter to the transitory account that will then be shared as agreed in the transitory account Mou".

Observation

1.2.1.2 During the audit, we observed that fees generated from the Destination Inspection Agreement were not deposited into the transitory account at EcoBank as specified in the contract terms for the period August 2021 to October 2024.

1.2.1.3 Additionally, we observed that the Government of Liberia's revenue share was held in Medtech Scientific Limited's account from August 2021 to June 2024, non-compliant with the contract terms. The details of the accounts for which the funds were domiciled, including bank statements and other relevant supporting documents, were not made available for audit purposes.

1.2.1.4 However, as of June 2024, we observed that fees from the Destination Inspection Agreement initially withheld by Medtech were subsequently remitted to a designated account managed by LRA, the LRA—MTS Capacity Building Fund, which is maintained at Ecobank.

1.2.1.5 Further, we tested for the completeness of total funds subsequently remitted from Medtech to LRA by adding transfers received from Medtech per the bank statement plus total expenditure purportedly made by Medtech on behalf of LRA and reconciled same to GoL's 20% share of revenue and amount confirmed by Medtech. This resulted in a variance of (US$770,323.40). **See Table 1 below for details.**

Table 1: Non-adherence to Transitory Account Deposit Requirements

No.	Description	Amount (US$)
1.	GoL's 20% Share of Revenue Remitted by Medtech per Bank Statement	3,918,534.79
2.	Total Expenditure Purportedly made by Medtech	2,087,095.88
3.	Total Projected 20% Revenue Share Remitted by Medtech	6,005,630.67
4.	Total Projected 20% Revenue Share confirmed by Medtech	(6,775,954.07)
5.	Unremitted GoL's 20% Revenue Share to LRA	**(770,323.40)**

Risk

1.2.1.6 Management may be non-compliant to Section 9 (9.1) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited.

1.2.1.7 Funds due for subsequent remittance to LRA may be understated and subjected to misapplication, misappropriation, or theft.

Recommendation

1.2.1.8 Management should provide substantive justification for not remitting the total revenue from the DI Agreement into the approved transitory account at Ecobank for subsequent remittances to the LRA and Medtech consistent with the terms of the agreement.

1.2.1.9 Management should account for the unremitted 20% GoL revenue share comprehensively cataloged in Table 1 above.

1.2.1.10 Going forward, Management should immediately commence the remittance of the total revenue from the DI Agreement into the approved transitory account at Ecobank for subsequent remittances to the LRA and Medtech consistent with the terms of the agreement.

1.2.1.11 Evidence of the remittance to the transitory account and subsequent remittances to LRA and Medtech, including original copies of bank statements and other relevant supporting records, should be adequately documented and filed to facilitate future review.

1.2.1.12 Management should also facilitate the preparation of monthly reconciliation reports to validate the completeness and accuracy of GoL's 20% share of revenue. The reconciliation committee should reconcile the total revenue per the bills raised by Medtech, the funds remitted to the transitory, consolidated, and Medtech bank accounts, and the revenue reported by Medtech. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.13 *The contractual fee structure was reversed to the BIVAC fee structure on instruction of the Government due to public outcry from small businesses at the commencement of the DI agreement implementation. This reversal made it impractical to utilize the transitory account as envisaged by the parties to the agreement due to the fact that certain fees (of the minimum threshold of $190) are not subject to distribution between Medtech and the LRA. In order words, the LRA is not entitled to share of any fee up to US$190. Notwithstanding, the LRA awaits the conclusion of a case before the Supreme Court involving Medtech following which discussions will be held with a view of curing all defects and anomalies in the DI Contract – operationalization of a transitory account being one of many issues to be remedied. Please see attached communication instructing Medtech to transition to the BIVAC fees structure. of any fee up to US$190. Notwithstanding, the LRA awaits the conclusion of a case before the Supreme Court involving Medtech following which discussions will be held with a view of curing all defects and anomalies in the DI Contract – operationalization of a transitory account being one of many issues to be remedied. Please see attached communication instructing Medtech to transition to the BIVAC fees structure.*

1.2.1.14 *2. Contrary to count one of the finding above where in the GAC acknowledges the total allocation to the LRA in the amount of US$6,775,954.07, the finding regarding the variance of US$770,323.40 is clearly incorrect for the following reasons: a. The auditors did not take into consideration the July 18, 2024 and November 13, 2024 bank debit instructions in the amount of US$512,386.20 and US$ 257,937.20 respectively. b. Those instructions were included in the email sent by Medtech on November 22, 2024 substantiating all remittances made to the LRA by Medtech covering the period under review. c. The said email sent on November 22, 2024 by MedTech to confirm the LRA 20% share covering the period and the GAC third party confirmation form of the amount remitted to the LRA was acknowledged on November 23, 2024 by Deputy Auditor General Dole. Please see attached copies of the completed third party confirmation form from the GAC, a manager check, and four debit instructions to GT bank in favor of the LRA and the bank statement. Following the completion of the ongoing court action against Medtech, the parties shall work to cure existing defects as it relates to the operationalization of the DI Agreement.*

Auditor General's Position

1.2.1.15 Management's assertions did not adequately address the issues raised. Management's assertion that "*The contractual fee structure was reversed to the BIVAC fee structure on instruction of the Government due to public outcry from small businesses at the commencement of the DI agreement implementation. This reversal made it impractical to utilize the transitory account as envisaged by the parties to the agreement due to the fact that certain fees (of the minimum threshold of $190) are not subject to distribution between Medtech and the LRA",* is not supported by the terms and conditions of the DI agreement between the Government of Liberia and Medtech Scientific Limited. The agreement specifies the holistic deposit of DI fees in the transitory account to be subsequently remitted in a revenue sharing proportion of 80% to the Service Provider and 20% to the LRA designated account. The agreement does not specify a threshold fee before sharing of revenue is initiated.

1.2.1.16 Additionally, we acknowledge the subsequent remittances of $512,386.00 after the issuance of our draft Management Letter to the LRA which was made in February 2025 as oppose to July 2024 as asserted in Management's response. Also, the remittance of $275,937.00, which was made on November 23, 2024, falls outside the scope of the audit and was accordingly not included in our computation. The validation of these remittances indicate that Medtech has facilitated full remittances of the DI fees, although inconsistent with the timing of remittances per the terms and conditions of the contract.

1.2.1.17 Going forward, Management should perform monthly reconciliation between DI fees as required by the contract and actual DI fees remitted by Medtech Scientific Limited. Variances identified should be documented, investigated, and addressed where applicable in a timely manner. Evidence of monthly reconciliation reports, including copies of bills, bank statements, and other relevant supporting records, should be adequately documented and filed to facilitate future review.

1.2.1.18 Subsequent renewal of all concessions should be based on satisfactory performance of existing terms and conditions of the concessions.

1.3 Payments without Adequate Supporting Documents

Criteria

1.3.1.1 Regulation A. 3 (1 and 2) of the PFM Act, 2009 as amended and restated in 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody, and disbursement of public and trust moneys, or for the custody, care, and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister. A public officer who fails to keep or produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.20."

1.3.1.2 Additionally, Regulation P.9 (2) of the PFM Act of 2009 as Amended and Restated 2019 states that "Payments except for statutory transfers and debt services shall be supported by invoices, bills, and other documents in addition to the payment vouchers."

Observation

1.3.1.3 During the audit, we observed no evidence of adequate supporting documents such as; payment vouchers, payment requests, purchase orders, receipts, contracts, approved procurement plans, bid documents, evaluation reports, procurement committee reports, delivery notes, etc. where applicable for various expenditures amounting to **US$2,269,560.49. Refer to Appendixes 1A, 1B, 1C and 1D for details.**

1.3.1.4 The unsupported expenditure cataloged in appendixes 1A, 1B, 1C, and 1D below, constituted both expenditures made by Medtech (from GoL's 20% share retained by

Medtech) on behalf of LRA and expenditure facilitated directly by LRA from GoL's 20% share of revenue.

Risk

1.3.1.5 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.

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

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

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

Recommendation

1.3.1.9 Management should fully account for expenditures made without adequate supporting documents.

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

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

Management's Response

1.3.1.12 As to this count, the LRA wants to clarify that it requested Medtech to execute payment totaling US$2,087,095.88 instead of the US$2,269,560.49 as indicated and thus overstating the expenditure by US$182,464.61. this is also supported by the GAC third party confirmation form completed and submitted by Medtech. The attending circumstances relating to the Customs capacity building funds being residence with Medtech at the request of the Government made it impractical to adhere to all of the PPCC requirements leading to an approved procurement plan prior to FY 2025. Notwithstanding, the absence of a PPCC approved procurement plan for the DI sit construction and others as contained in Appendix IA, 1B, 1C and 1D, a competitive process was conducted. Please see documentary evidence *in support of response to count 6 for the US$86,194.41 payment made to Meek Engineering & Construction To correct the anomalies of the past, the LRA administration has taken corrective measures prior to this audit to ensure that PPCC and other statutory requirements are fully adhere to, these measures include: 1.Removing of the funds from Medtech custody to an account designated by the Government; 2.Developed and submitted LRA FY 2025 procurement plan to the PPCC which has been approved to ensure adherence to the PPCC Act. Please see attached communication instructing Medtech to manage LRA funds. Approved FY 2025 PPCC procurement PLAN, GAC Medtech third party conformation form.*

Auditor General's Position

1.3.1.13 Management did not adequately address the issues raised. The sample of expenditures cataloged in appendixes 1A, 1B, 1C and 1D for which we requested the required documents were obtained from periodic expenditure reports submitted for audit purposes by LRA and Medtech. The expenditures were inclusive of transactions processed by Medtech and LRA and not only expenditures processed by Medtech as asserted in Management's response.

1.3.1.14 We acknowledge Management's subsequent submission of some supporting documentation after our audit execution. Therefore, we have adjusted the expenditures to be accounted for by Management to US$1,306,051.27 (US$2,269,560.49-US$963,506.22). However, Management's submission of documents after our audit execution does not guarantee management's effective control over document management and expenditure liquidation.

1.3.1.15 Further, Management did not provide a comprehensive outstanding documentation for all expenditure including procurement plan, procurement committee reports, bid evaluation reports, purchase orders, copies of vendors' business registration etc. where applicable cataloged in appendixes 1A, 1B, 1C and 1D.

1.3.1.16 Therefore, Management is in breach of financial discipline in line with regulation A. 20 of the Public Financial Management Act of 2009 as amended and restated 2019.

1.4 Non-compliance with Approved Service Fees

Criteria

1.4.1.1 Section 5.7 of the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited states that "upon arrival of the consignment and importer's payment, proceed with the destination inspection, which consists of scanning of the container, documentary check, classification and valuation of goods, issuance of the Destination Inspection Certificate, and selective inspection as detailed in Annex 2A. The fee stipulated and agreed with the Service Provider in this agreement shall constitute the only fee charge, and there shall be no ancillary fee charge by the service provider."

1.4.1.2 Section 22.6 states that the Destination Inspection Agreement between the Government of Liberia and MedTech Scientific Limited states that "Modification or Amendment of the terms and conditions of the Contract including any medication or amendment of the scope of the service may only be made by written agreement between the parties. Any modification or amendment hereof shall only be binding if it is made in writing and signed by each party."

Observation

1.4.1.3 During the audit, we observed from a review of the monthly reports on the operations of the DI Agreement from MedTech Scientific Limited that the approved fees outlined in the contract terms were not consistently applied. **See Table 3 for details:**

Table 3: Non-compliance with Approved Service Fees

No.	Commodity	Import	Export	LRA (Customs Support Fund)	MTS
1	Containerized Shipment (20ft)	US$280/container	US$100/container	20% of the fee	80% of the fee
2	Containerized Shipment (40ft)	US$400/container	US$200/container	20% of the fee	80% of the fee
3	Groupage Containerized Shipment (20ft) US$280 plus US160 service charge	US$280 plus 160 service charge /importer		20% of the fee	80% of the fee
4	Groupage Containerized Shipment (40ft)	US$460 plus US$300 service charge/importer		20% of the fee	80% of the fee
5	Empty Containers	US$100/container	US$50/container	20% of the fee	80% of the fee
6	Non-containerized cargo (all other cargo containerized or specifically mentioned in 7 below)	US$14/MT	US$1/MT	20% of the fee	80% of the fee
7	Bulk Cargo (rice, wheat, cement, clinker, oil, petroleum products)	US$3/MT	US$2/MT	20% of the fee	80% of the fee
8	Passenger vehicles & Light Transport vehicles less than 10 MT (not containerized)	US$100/vehicle	US$50/vehicle	20% of the fee	80% of the fee
9	Equipment and Transport vehicle (10 - 14 MT)	US$200/unit	US$100/unit	20% of the fee	80% of the fee
10	Equipment and Transport vehicle (over 14 MT)	US$300/unit	US$150/unit	20% of the fee	80% of the fee
11	Motorcycles (not containerized)	US$50.00/motorcycle	US$25/unit	20% of the fee	80% of the fee

1.4.1.4 We further observed no evidence of an addendum by LRA and Medtech Scientific Limited to the service fees specified in the contract agreement to justify the non-application of the approved fees.

Risk

1.4.1.5 The downward adjustment of the approved fees may lead to loss of revenue from DI services, leading to understatement and subsequently under collection of GoL revenue. Capacity-building initiatives to be facilitated by Medtech may be significantly impaired.

1.4.1.6 Failure to adhere to scheduled fees stipulated in the contract terms may result in a breach of the contract leading to litigation, penalties, or fines.

Recommendation

1.4.1.7 Management should provide substantive justification for not complying with the approved fees outlined in the contract terms.

1.4.1.8 Management should review the non-application of the approved fees, revert to the fees per the agreement, or immediately develop and approve an addendum to reflect the current fee structure. Evidence of the implementation of the recommendation should be submitted to the Office of the Auditor General for validation ninety (90) days after the issuance of this report to the National Legislature.

1.4.1.9 Going forward, Management should facilitate the crafting of approved addendum for all modifications to the terms of the contract. Evidence of approved addendum and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.4.1.10 The contractual fee structure was reversed to the BIVAC fee structure on instruction of the Government due to public outcry from small businesses at the commencement of the DI agreement implementation. This reversal made it impractical to utilize the transitory account as envisaged by the parties to the agreement due to the fact that certain fees (of the minimum threshold of 190) are not subject to distribution between Medtech and the LRA. In order words, the LRA is not entitled to share of any fee up to US$190. Notwithstanding, the LRA awaits the conclusion of a case before the Supreme Court involving Medtech following which discussions will be held with a view of curing all defects and anomalies in the DI Contract – operationalization of a transitory account being one of many issues to be remedied. Please see attached communication instructing Medtech to transition to the BIVAC fees structure. Following the completion of the ongoing court action against Medtech, the parties shall work to cure existing defects as it relates to the operationalization of the DI Agreement.

Auditor General's Position

1.4.1.11 Management's assertion did not adequately address the issues raised. Management's assertion that "*The contractual fee structure was reversed to the BIVAC fee structure on* *instruction of the Government due to public outcry from small businesses at the commencement of the DI agreement implementation. This reversal made it impractical to utilize the transitory account as envisaged by the parties to the agreement due to the fact that certain fees (of the minimum threshold of $190) are not subject to distribution between Medtech and the LRA",* is not supported by the terms and conditions of the DI agreement between the Government of Liberia and Medtech Scientific Limited, nor did we obtain evidence of an addendum to the contract validating the adjustment to the approved fees structure and revenue remittances.

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

1.5 Non-implementation of Contract Deliverables

Criteria

1.5.1.1 Section 5.5 of the Destination Inspection agreement between the Government of Liberia and Medtech Scientific Limited states that "The Service provider shall buy, build, and otherwise provide the assets, equipment, and facilities constituting the infrastructure as per the specifications, and in accordance with the delivery schedule set forth in Annex-B of this Agreement while the Government shall provide the land in a state of readiness for immediate commencement of the contract."

1.5.1.2 Additionally, section 5.6 (a) further states that "The Service provider shall develop and/or install the technology to encompass appropriate computer programs, software, and systems for digital inspection, recording and communication of the inspection reports, and shall grant to the Government a non-exclusive right to use of the Technology for the Term of the Agreement."

Observation

1.5.1.3 During the audit, we observed no documented evidence indicating the implementation of deliverables outlined in Sections 5.5 and 5.6(a) of the Agreement by Medtech Scientific Limited (Service Provider).

1.5.1.4 Upon review of the monthly operation reports submitted for audit, we observed no evidence of asset acquisition, construction progress for the DI site, or the procurement of IT infrastructure as required by the agreement.

1.5.1.5 Furthermore, there was no evidence of software implementation, communication systems, or inspection report functionalities, nor documentation showing that the Government of Liberia through the Liberia Revenue Authority (LRA) was granted access to the said technology. **See Table 4 for details.**

Table: 4 Non-implementation of Contract Deliverables

No.	Description	Capacity	Quantity	Location
1	3D stationery container scanner	Scan at least 2 containers per hour with best-quality images	One Scanner (brand and further specifications to be agreed by LRA)	Freeport of Monrovia (APM Container Terminal)
2.	3D Mini barrel, baggage, and box on pallets scanner	At least 5 scans per hour	One Stationery scanner (brand and further specifications to be agreed by LRA)	Freeport of Monrovia (deconsolidation warehouse)
3.	Software automatically links scanned container number and image result to BL and manifest for cross-referencing during processing of declaration.	Software interfaced with ASYCUDA.		Accessible from LRA automated facility.
4.	Forlifts for unstuffing	Commensurate with intrusive inspection requirements	To be determined based on	Freeport of Monrovia
5.	Closed Circuit Television	To cover all operational areas, including warehouse, full monitoring from HQ and CBO supervision	Full package	All operational areas covered by contract.

Risk

1.5.1.6 The lack of documented evidence for the implementation of approved deliverables may lead to non-compliance with contract terms and impair the operations of Destination Inspection.

1.5.1.7 The lack of assets or facilities that are essential for Destination Inspection may lead to loss of revenue and diminished returns on investment for stakeholders involved in the agreement.

1.5.1.8 The non-implementation of approved project deliverables may lead to misappropriation of public funds.

Recommendation

1.5.1.9 Management should provide substantive justification for non-implementation of approved contract deliverables outlined in the contract terms.

1.5.1.10 Going forward, Management should facilitate full implementation of approved contract deliverables outlined in the contract terms. Management should also facilitate periodic monitoring and evaluation of approved contract deliverables. Gaps identified should be investigated and addressed where applicable in a timely manner. Evidence of periodic monitoring, evaluation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.5.1.11 *The DI Agreement provides for the construction of a state of the art cargo inspection facilities by the Medtech to include both intrusive and non intrusive inspections. Under the same agreement, the Government has the obligation to provide Medtech the land space for the construction of the DI facilities immediately following the signing of the agreement. However, the Government of Liberia failed to provide the land for almost twenty (20) months. Additionally, Medtech operational accounts were frozen by the Government until June 2024, thereby inhibiting the construction of the DI facilities. All the procurement items listed in Appendix 4 of the auditors' draft report are contingent on the construction of the DI facilities. Following the unfreezing of their accounts, Medtech commenced construction of the facilities – the contractor being an Italian company. At the completion of the construction, those items listed in Appendix 4 will be fully deployed before commissioning.*

Auditor General's Position

1.5.1.12 We acknowledge Management's assertion on the non-implementation of approved contract deliverables outlined in the contract terms and conditions. We will follow up on the implementation of the contract deliverables during subsequent audit. Therefore, we maintain our finding and recommendation.

1.5.1.13 Further, Management is in breach of Section 5.5 and Section 5.6 (a) of the Destination Inspection agreement between the Government of Liberia and Medtech Scientific Limited.

1.6 Non-Preparation of Bank Reconciliation

Criteria

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

Observation

1.6.1.2 During the audit, we observed no evidence of monthly bank reconciliation statements for the periods under review.

Risk

1.6.1.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud.

1.6.1.4 Management may not fully account for all of its transactions.

Recommendation

1.6.1.5 Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity.

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

Management's Response

1.6.1.7 Kindly note that since LRA took over the funds in July 2024, bank reconciliations have been performed. Please see attached copy of the reconciliation reports and the bank statement for reference.

Auditor General's Position

1.6.1.8 We acknowledge Management's subsequent submission of bank reconciliation statements after our audit execution. However, Management's submission of documents after our audit execution does not guarantee management's effective control over document management and expenditure liquidation.

1.6.1.9 Going forward, Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity in a timely manner. Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

1.7 DI Site Construction Irregularities

Criteria

1.7.1.1 Section 57 (1) & (2) of the PPC Act of 2005 as amended and restated in 2010 requires that "An invitation to bid (pursuant to Sections 47 through 49 of this Act), or an invitation to prequalify (pursuant to Section 32 of this Act), shall be Published. (2) The invitation to bid or, as the case may be, the invitation to prequalify, shall include information on: (a) The identity and address of the Procuring Entity; (b) The nature and time-frame of the procurement, including the place of delivery of goods or services, and the location of any works".

1.7.1.2 Section 5.5 of the Destination Inspection agreement between the Government of Liberia and Medtech Scientific Limited states that "The Service provider shall buy, build, and otherwise provide the assets, equipment, and facilities constituting the infrastructure as per the specifications, and in accordance with the delivery schedule set forth in Annex-B of this Agreement while the Government shall provide the land in a state of readiness for immediate commencement of the contract."

1.7.1.3 Additionally, section 5.6 (a) further states that "The Service provider shall develop and/or install the technology to encompass appropriate computer programs, software, and systems for digital inspection, recording and communication of the inspection reports, and shall grant to the Government a non-exclusive right to use of the Technology for the Term of the Agreement."

Observation

1.7.1.4 During the audit, we observed the following irregularities associated with the construction of the Destination Inspection site in Nimba County:

- There was no evidence that the contract for the construction of the Destination Inspection site in Nimba County was advertised and bid for, non-compliant with the PPC Act of 2005, as amended and restated in 2010.

- The contract cost was arbitrarily increased from $197,617.66 to $269,324.97, resulting in an unauthorized excess expenditure of US$65,707.97, without evidence of an addendum or an engineer's assessment report to justify the increment.
- During our physical verification of the site, we observed that the facility appeared to be completed; however, no engineer's report or certificate of completion was submitted for our evaluation. **Below is a photo of the DI site in Nimba County.**

- The DI site constructed in Nimba County was funded from GoL's 20% share of revenue instead of Medtech's 80% share of revenue from the DI service contract non-compliant with the terms of the contract. The DI site constructed in Nimba County was not listed as one of the approved venues for the construction of DI sites according to the terms of the agreement.

GAC Photo: Front view of the DI site in Nimba County valued at US$267,324.97

GAC Photo: A partial view of the DI Site in Nimba County valued at US$267,324.97

Risk

1.7.1.5 The lack of a competitive bidding process for the selection of an approved contractor may be non-compliant with the PPC Act of 2005 as amended and restated in 2010. An unqualified contractor may be selected, leading to the ineffective execution of the contract and impairment of value for money.

1.7.1.6 Arbitrary and unapproved increments to the project cost may lead to misappropriation of the entity's funds.

1.7.1.7 In the absence of periodic engineer assessment reports and certificates of completion, the project may not be completed or executed in line with approved specifications.

1.7.1.8 Management may be non-compliant with the terms of the contract. This may lead to misapplication of project funds and impairment of value for money.

Recommendation

1.7.1.9 Management should provide substantive justifications for increasing the contract cost without an addendum to the contract agreement.

1.7.1.10 Management should account for the unauthorized excess expenditure of US$65,707.97 resulting from the arbitrary increment in the initial contract cost.

1.7.1.11 Going forward, Management should facilitate full compliance with the PPC Act of 2005 as amended and restated 2010. All work-related procurement should be executed in line with the approved procurement methods. Evidence of the bidding and selection processes and all other relevant procurement records should be adequately documented and filed to facilitate future review.

1.7.1.12 Management should facilitate the competitive recruitment of experienced and qualified engineers to perform periodic assessments of construction deliverables. Evidence of the periodic assessments of construction deliverables, approved certificates of completion for stages of the project, and all other relevant supporting records should be adequately documented and filed to facilitate future review.

1.7.1.13 Management should facilitate full compliance with the terms of the contract. Going forward, Management should facilitate the crafting of an approved addendum for all modifications to the terms of the contract. Evidence of approved addendum and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.7.1.14 The derivation arrived at by the GAC as contained in this count relative to the arbitrary increase in the contract value, US$269,324.97, is uncleared least to mention the unauthorized excess expenditure of US$65,707.97. 2.However, the contract for the construction of the DI site in Nimba was initially awarded for US$197,617.66 but was *subsequently amended twice: (a) on January 20, 2023 for the amount of US$ 41,980.25 and (b) on May 12, 2023 for US$179,496.40 due to significant increase in scope of work. The amendments led to an increase in the contract value from US$197,617.66 to US$419,094.31. Following the completion and verification of the work, the contractor was fully paid as follows: (a) By Medtech on instruction from the LRA in the amount of US$239,597.91 (b) By the LRA in the amount of US$ 179,496.40 3. The contract for the construction of the DI site in Nimba County was awarded through a National Competitive Bidding. The bid was advertised on Thursday, June 16, 2022 in the Daily Observer, and on Thursday June 9, 2022 in the Frontpage Africa news Papers and on the old LRA website as well. Please see copies of both papers attached, the bid documents, bid evaluation report, notification of contract award, construction status report and Engineer final job completion report for your easy reference. 4.The contract scope of work was changed to accommodate items not initially covered under the original contract as evidenced by the attached engineer report and addendum to the contract The addendum covers fence, access way concrete, parking shed, inspection bay closure, security booth, and the studio apartment. Please see attached copies of the addendum Kindly note that the DI Agreement does not provide for the construction of a DI site in Nimba County.*

Auditor General's Position

1.7.1.15 We acknowledge Management's subsequent submission of the contract addendum, bid documents, and evidence of bid advertisement in response to our Management Letter/draft report. However, Management's assertions did not adequately address the construction irregularities we observed. Specifically, Management failed to provide evidence of the procurement committee's report and/or approval for the addendum to the construction contract, as well as the Bill of Quantities (BoQ) and the engineer's assessment report to justify the addendum. Additionally, Management did not present evidence of a certificate of completion to support the full payment for the construction contract.

1.7.1.16 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit. Further, Management is in breach of Section 57 (1) & (2) of the PPC Act of 2005 as amended and restated in 2010.

1.8 Lack of Contract Implementation Working Committee

Criteria

1.8.1.1 Section 11.1 (a) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited states that "The Service Provider and the Government shall jointly form DI Working Committee, chaired by LRA, which shall be convened and meet monthly or otherwise as required for the purpose of discussing and resolving all policy and operational issues and for the monitoring and evaluation of the implementation of the Agreement. Formal minutes of this Committee meeting shall be taken by the Service Provider and distributed to relevant persons".

Observation

1.8.1.2 During the audit, we observed no evidence that the DI Working Committee was established and convened on a monthly basis as stipulated in the terms of the agreement.

1.8.1.3 Additionally, we observed no formal minutes were submitted during the audit regarding discussions and resolutions related to policy and operational issues in the implementation of the Agreement.

Risk

1.8.1.4 The strategic oversight over the implementation of contract deliverables may be impaired. This may lead to the non-implementation of contract deliverables. Contract deliverables may not be implemented up to approved specifications.

Recommendation

1.8.1.5 Management should liaise with the relevant authorities to establish a functional DI Working Committee. Evidence of periodic meeting minutes and activity reports should be adequately documented and filed to facilitate future review.

1.8.1.6 Management should also facilitate the preparation of monthly reconciliation reports to validate the completeness and accuracy of GoL's 20% share of revenue. The DI working committee should reconcile the total revenue per the bills raised by Medtech, the funds remitted to the transitory, consolidated, and Medtech bank accounts and the revenue reported by Medtech. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.

1.8.1.7 The DI Working Committee should facilitate periodic monitoring and evaluation of approved contract deliverables. Gaps identified should be investigated and addressed where applicable in a timely manner. Evidence of periodic monitoring and evaluation reports and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.8.1.8 The DI Implementation working committee is a technical working group that deals with technical matters in Customs operations as they arise. These include matters surrounding procedures, HS classification, valuation, risk management, protest and appeal etc. While most of these technical matters are been handled on a daily basis by the focal persons, the committee has been meeting on a need basis to address matters of strategic concern-two of which include the strategy meeting with the Customs brokers on CRF delays and documentation of service standards to be observed by relevant stakeholders. Please note that most of these meetings are operational related and are conducted in an adhoc manner with documentation regarding specific instructions required. Please see copy of minutes for reference.

Auditor General's Position

1.8.1.9 In response to our Management Letter/ Draft report, Management only provided meeting minutes for the Contract Implementation Working Committee for September 2023, in contrast to the monthly meeting requirement as stipulated in the contract agreement.

1.8.1.10 Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit. Further, Management is in breach of Section 11.1 (a) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited.

1.9 No Evidence of Stakeholders' Forum

Criteria

1.9.1.1 Section 11.3 (a), (b) & (c) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited states that (a) "The Parties shall hold a DI Stakeholders Forum quarterly. The forum shall be chaired by the Commissioner General of the LRA or his/her designee, with representatives of all public and private sector stakeholders as well as the Service Provider." (b) The purpose of the forum is to communicate and exchange information about the operation of the DI regime and customs and other trade-related matters. Participants shall include Liberia Chambers of Commerce, Customs Brokers Association, Petroleum Importers Association, Ministry of Commerce and Industry, National Port Authority, and relevant Trade Groups. (c) The parties shall convene quarterly to meet with members of the business community and other relevant stakeholders for the purpose of discussing issues relating to trade facilitation, Destination inspection, and other related matters."

Observation

1.9.1.2 During the audit, we observed no evidence of the conduct of the quarterly stakeholder forum as required by the DI Agreement.

Risk

1.9.1.3 The lack of periodic stakeholder forums may lead to operational inefficiencies, lack of communication amongst stakeholders, and the non-implementation of approved terms and conditions of the agreement.

1.9.1.4 The strategic oversight over the implementation of contract deliverables may be impaired. This may lead to the non-implementation of contract deliverables. Contract deliverables may not be implemented up to approved specifications.

1.9.1.5 Stakeholders' challenges may not be identified and mitigated/resolved in a timely manner.

Recommendation

1.9.1.6 Management should facilitate the conduct of a quarterly stakeholders' forum as required by the DI Agreement.

1.9.1.7 Quarterly stakeholders' forum meeting minutes should comprehensively detail activities discussed, actions to implement planned activities, and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review.

1.9.1.8 Management should also institute a platform for following up on decisions made at the Quarterly stakeholders' forum. An update of progress towards previous meeting's agreed actions/deliverables should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.

Management's Response

1.9.1.9 The DI Agreement provides for stakeholders' engagements and there is evidence that such engagements have been taking place and will be accelerated when the facilities are completed. Evidence of the first stakeholders' engagement was at the Ministry of Commerce where the stakeholders rejected the fees structure in the agreement. Other stakeholders' engagements have been held at the LRA and Bella Casa. Please see attached email citation to the meeting at Bella Casa and action points from the meeting at LRA.

Auditor General's Position

1.9.1.10 In response to our Management Letter/ Draft report, Management only provided meeting minutes for a single stakeholder forum held in October, 2024 in contrast to the quarterly meeting requirement as stipulated in the contract agreement.

1.9.1.11 Therefore, we maintain our finding and recommendation. We will follow up on the implementation of our recommendations during subsequent audit. Further, Management is in breach of Section 11.3 (a), (b) & (c) of the Destination Inspection Agreement between the Government of Liberia and Medtech Scientific Limited.

APPENDIXES

Appendix 1A: Payments without adequate supporting documents

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
1	29-Sep-22	Meek Engineering & Construction Services	Requesting advance payment @ 44%. Of the project value	86,194.41	purchase order, Contract agreement, Invoice, and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation
2	5-Dec-22	Matelco Inc	Request for graduation uniforms (customs class IV)	33,667.00	Contract agreement, credit invoice, Purchase Order, Tax Clearance, Business Registration,	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Delivery note, and Article of Incorporation
3	28-Jan-22	Farmington Hotel	Request for approval for Technical Affairs first (1st) Annual Retreat	16,290.00	purchase order,	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Delivery note, and Article of Incorporation
4	6-Jun-22	Farmington Hotel	Payment request for the provision of Hall Rental, Accommodations, and Catering Services for the Administrative Affairs Retreat	14,420.00	purchase order, Evaluation report, and Request for approval	No quotations, no procurement plan, no article of incorporation, and no bid documents

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
5	16-Nov-22	AFCOMSAT Liberia Limited	Request for procurement of Revenue receipts (USD/LRD)	50,000.00	Contract, Business Registration, Tax Clearance,	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Delivery note, and Article of Incorporation
	16-Jun-22	Protect Solution Inc	Ubiquiti AirFeber AF 5 mid band 5GHz 1.0 + Gbps up to 40 + km PTP Outdoor Gigabit Radio	18,750.00	Request for Quotation, Goods received noted, Purchase Order, Evaluation Report, Business Registration, Tax Clearance.	No evidence of a procurement plan, Bid documents, Procurement committee report, Delivery note, and Article of Incorporation
	11-Aug-22	EXPERT TRAVEL SERVICES	Payment of Air ticket in favor of Expert Travel Services for procuring 3(three air tickets in favor of Mr. Nyane Wratto, Assistant Commissioner, Mr. David Kekulah Jr. Manager, and Mr. Samuel W. Toe, Manager LRA.	4,704.28	Framework Contract for the Provision of Foreign Travel Management Services LRA/SBA/NCB/002/2022	No evidence of a procurement plan, Bid documents, Procurement committee report, and Article of Incorporation
	8-Jan-22	MATELCO INC	Capacity building and training Materials	31,200.00	Purchases Order	No evidence of a procurement plan, Bid documents,

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
						Procurement committee report, Delivery note, and Article of Incorporation
	2-Jul-22	MATELCO INC	Capacity building and training Materials	5,600.00	Purchases Order	No evidence of a procurement plan, Bid documents, Procurement committee report, Delivery note, and Article of Incorporation
	5-Nov-22	CICA MOTORS	Procurement of Two Toyota Fortuner	99,800.00	Request to procure two vehicles, Business Registration, Tax Clearance, Goods Receive Note.	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, Delivery note, and Article of Incorporation
	18-May-24	Mantrac Liberia Limited	70% Advance payment for the procurement of one(1) 500KVA Generator for LRA-HG	54,950.00	Request for quotations, Business Registration, Tax Clearance, Goods Receive Note, Procurement Evaluation Report.	No evidence of a procurement plan, Bid documents, Procurement committee report, Delivery note, and Article of Incorporation
	10-Jun-22	Mantrac Liberia Limited	30% Balance payment for the procurement of one(1) 500KVA Generator for LRA-HG	23,550.00	Request for quotations, Business Registration, Tax Clearance, Goods Receive Note, Procurement Evaluation Report.	No evidence of a procurement plan, Bid documents, Procurement committee report, Delivery note, and Article of Incorporation
	24-May-22	BAJUKA INC	50% payment towards the Construction of the	4,989.00	Purchases Order, Evaluation Report for the Construction of	Business Registration, Tax Clearance.

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
			Biodigester system at the LRA HQ		Biodigester System. Service Completion Certificate.	
	23-May-22	Elite Bar Restaurant	Provision of Catering Services for Customs Officers in training at the LNPTA (Class 3) Third Payment.	25,200.00	Service Contract Agreement. Business Registration and Tax Clearance. Certificate of Job Completed.	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, and Article of Incorporation
	10-May-22	Elite Bar Restaurant	Provision of Catering Services for Customs Officers in training at the LNPTA (Class 3)for the Second Payment.	25,200.00	Service Contract Agreement. Business Registration and Tax Clearance. Certificate of Job Completed.	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, and Article of Incorporation
	1-Apr-22	Elite Bar Restaurant	Provision of Catering Services for Customs Officers in training at the LNPTA (Class 3)for the First Payment the first month.	25,200.00	Service Contract Agreement. Bill Evaluation Report, Business Registration, and Tax Clearance. Certificate of Job Completed.	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, and Article of Incorporation
	3-Mar-22	METELO INC	Procurement of Customs Class 3 Graduation Materials	33,540.00	Framework Contract for the Supply of Uniforms and Accessories, Tax Clearance.	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, Delivery note, and Article of Incorporation

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
	9-Jun-22	LRA Staff Overtime	Payment requests for several vendors and other pending activities (LRA Staff Overtime).	20,000.00		No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, Delivery note, and Article of Incorporation
	26-Apr-22	Techno Brain	Development of an Application Programming Interface (API) that integrates the National Identity Registration System and Revenue Systems including the Integrated Tax Administration System (ITAS).	15,000.00	Tax Invoice	No evidence of a procurement plan, Bid documents, Bid Evaluation reports, Procurement committee report, Delivery note, and Article of Incorporation
Total				**588,254.69**		

Appendix 1B: Payments without Adequate Support Documentation

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
1	23-Feb-23	K. Kartik Stationery	Procurement of 13 pcs Laptops- Small Tax Audit section	22,425.00	Credit Invoice, delivery note, purchase order, proforma invoice, and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
2	25-Jan-23	Matelco Inc	Supply of Uniforms and accessories for the Armed Forces Day celebration	14,362.00	purchase order and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation
3	23-Mar-23	Meek Engineering & Construction Services	3rd payment less 10% retention as per contract for the construction of the DI site	47,534.85	purchase order, Contract agreement, and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation
4	24-Jan-23	Meek Engineering & Construction Services	Additional work(cost of roofing (reinforced concrete wall)advance payment for the construction of DI site less 10% retention (US4,198.25)	37,782.00	purchase order, Contract agreement, and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
5	28-Feb-23	African American Enterprise	Request to purchase seven (7) units of motorbikes	21,000.00	credit Invoice, purchase order, proforma invoice, and Request for Approval	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, delivery note, Tax Clearance, and Article of incorporation
6	10-Mar-23	AFCOMSAT Liberia Ltd	Balance 50% payment for the procurement of Revenue Receipts (USD/LRD)	50,000.00	Goods received notes, Contract agreement, Invoice, and Request for Approval.	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation
7	9-Jan-23	ELITE BAR & RESTAURENT	2nd payment -provision of Catering Services Custom Officers Training - LNPTA	27,300.00	Contract agreement, Invoice, Evaluation report, and Request for Approval	No evidence of a procurement plan, Bid documents, Procurement committee report, Tax Clearance, and Article of incorporation
8	27-Mar-23	GBK Motors, INC	Request for payment to GBK Motors INC. for the procurement of two (2) units of	136,000.00	purchase order, quotation, Business Registration and Tax Clearance	No evidence of a procurement plan, Bid documents, Bid evaluation report, Procurement committee report, Tax Clearance, and Article of incorporation

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
			Vehicles for LRA Operations			
9	22-Feb-23	Afrcomsat Liberia Limited	1500 LD rural receipts booklets. 500 USD receipts booklets	100,000.00	Payment request, Invoice, Purchase Order	No procurement plan, no bid documents, no bid evaluation reports, no procurement committee reports and no article of incorporation, no Tax Clearance, no delivery note.
10	1-Feb-23	Miracle Construction Company	Renovation of red-light tax business office	11,797.50	Invoice, Purchase Order	No procurement plan, no bid documents, no bid evaluation reports, no procurement committee reports and no article of incorporation, no Tax Clearance, no payment request
11	29-Dec-23	J. MART furniture & More	High Back Managerial chair PUL L234. Low Back visitor arm chair PUL255.	55,800.00	Invoice and purchase order,	No procurement plan, no bid documents, no bid evaluation reports, no procurement committee reports and no article of incorporation, no Tax Clearance, no payment request, delivery note.
12	24-Jan-23	CICA Motors	Procurement of one Toyota Rush for the head of the internal audit division	28,000.00	purchase order, payment request, invoice	No procurement plan, no bid documents, no bid evaluation reports, no procurement committee reports no article of incorporation, no Tax Clearance, delivery note.

No.	Date	Payee	Description	Amount (US$)	Documents Attached	Outstanding Documentation
13	22-Feb-23	United Office Supplies	21 pcs Lenovo ThinkPad E14 Gen2 or its equivalent	37,779.00	Invoice, Purchase Order	No procurement plan, no bid documents, no bid evaluation reports, no procurement committee reports and no article of incorporation, no quotation, no Tax Clearance, delivery note.
Total				**589,780.35**		

Appendix 1C: Withdrawal from the LRA – MTS Capacity Building Fund Domiciled at EcoBank

No.	Date	Description	Amount (US$)	Missing Documentation	Documents submitted after our audit execution
1.	14/08/2024	J60ECTR242270032//3919540186//2 408140WDP13:2408090OMKZN, IN TERNET SERVICES, MTSFY2024-001 USD, LIBERIA TELECOMMUNICATIONS CORPORATION: TRN IFO POOLSTN-IFT-OMNI BO LRA MTS. FUND AC CAPACITY BUILDING	71,154.00	Payment request, and Payment voucher	Payment request and Payment voucher
2.	30/08/2024	J60ECTR242430770//3958904350//2 408300WLIPQ:2408300OU6OJ,RE	40,252.25	Payment request, and Payment voucher	
3.	17/10/2024	J60CSTE242910002//4079954141//2 410170XKZJJ: PV-710 INV-LBR062, LIBERIA REVENUE AUTHORITY,,2410160PHGD1: TRN IFO POOLSTN EXTERNAL FUNDS TRANSFER-OMNI BO LRA MTS CAPACITY BUILDING. FUND AC	175,347.44	Payment request, and payment voucher	Payment request and Payment voucher
4.	23/10/2024	J60ECTR242970168//4095397648//2	72,763.52	Payment request	

No.	Date	Description	Amount (US$)	Missing Documentation	Documents submitted after our audit execution
				and Payment voucher	Payment request and Payment voucher
Total			**359,517.21**		

Appendix 1D: Payments without Adequate Support Documentation

No.	Date	Payee	Description	Amount USD	Document Attached	Missing Documentation	Documents submitted after our audit execution
1	14-Oct-04	Star Link Internet Services LTD	Payment made In favor of Star Link for the provision of Internet Services for the LRA Tax Businesses Offices and Customs Business Offices of the Total amount of USD$175,347.00	175,347.00	Purchase Order	No Contract, bid documents, Tax Clearance, and Business Registration.	
2	16-Dec-24	Jungle Water Group of Investment INC, Harbel Supermarket CORP ET. AL	Advance payment made in favor of Jungle Water Group of Investment INC, Harbel Supermarket CORP ET-AL for the provision of Christmas Package coupon for the LRA'S as per the attached in the amount of USD$265,400.00	265,400.00	Invoice, Business Registration, Tax Clearance, Proforma, three quotations.	No Contract Agreement	Payment voucher, Memorandum, procurement note to file, delivery notes

No.	Date	Payee	Description	Amount USD	Document Attached	Missing Documentation	Documents submitted after our audit execution
3	10-Oct-24	Next Technology Solution	Payment made in favor of Next Technology Solutions for the provision/renewal of ESET PROTECTION ANTI-VIRUS TO THE LRA FOR ONE (1) YEAR AS PER THE ATTACHED IN AMOUNT OF USD$31,394.00	30,138.00	PURCHASE ORDER, INVOICE, TAX CLEARANCE, BUSINESS REGISTRATION, AUTHORISED CHANNEL PARTNER, PARTNERSHIP CERTIFICATE, CONTRACT		MTS-General journal, To Whom It May Concern, procurement payment request checklist, invoice 036, contract for provision of the renewal and MEMO
4	23-Oct-24	LIBERIA TELECOMMUNICATION CORPORATION	PAYMENT INFAVOR OF LIBERIA TELECOMMUNICATION CORPORATION(LTC) FOR THE PROVISION OF FIBER MONTHLY SUBSCRIPTION FOR 150MBPS FROM JULY TO OCTOBER 2024 IN THE AMOUNT OF USD$88,736.00.	72,763.52	PURCHASE ORDER, INVOICE, CONTRACT	TAX CLEARANCE, BUSINESS REGISTRATION	
5	6-Dec-24	LIBERIA TELECOMMUNICATION CORPORATION	PAYMENT INFAVOR OF LIBERIA TELECOMMUNICATION CORPORATION(LTC) FOR THE PROVISION OF INTERNET SUBSCRIPTION	60,340.49	PURCHASE ORDER, INVOICE, CONTRACT, CERTIFICATE OF JOB COMPLETION,	Procurement plan, Bid Documents, bid evaluation reports, TAX CLEARANCE, BUSINESS REGISTRATION	Payment voucher, general journal, payment request, certificate of

No.	**Date**	**Payee**	**Description**	**Amount USD**	**Document Attached**	**Missing Documentation**	**Documents submitted after our audit execution**
			SERVICES TO THE LRA FOR THE MONTH OF NOVEMBER 2024 TO DECEMBER 2024 IN THE AMOUNT OF USD$60,340.49				job completion, purchase order, invoice, email invoice, procurement payment request checklist and service contract
Total				**603,989.01**			