

Management Letter

On the Financial Statements Audit of the Institutional Foundations to Improve Services for Health Project (IFISHP)

For the Fiscal Year January 1 2024 to December 31, 2024



Promoting Accountability of Public Resources

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

Monrovia, Liberia
May 2025

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Acronyms

Acronyms/Abbreviations/Symbol	Meaning
AF	Additional Financing
AFP	Audit Focal Person
AG	Auditor General
CBO	Community Based Organizations
CFC	Certified Financial Consultant
CHO	County Health Officer
CFIP	Certified Forensic Investigation Professional
CHT	County Health Team
DMA	Deputy Minister for Administration
DMHS	Deputy Minister for Health Services
Dr.	Doctor
DSA	Daily Subsistence Allowance
EOC	Emergency Operation Center
EVD	Ebola's Virus Disease
FCCA	Fellow Member of the Association of Chartered Certified Accountants
F/S	Financial Statements
GCHT	Gbarpolu County Health Team
GoL	Government of Liberia
HF	Health Facility
HSSP	Health Systems Strengthening Project
ICCO	International Consolidated Contractors Offshore
IDA	International Development Association
IFISH	Institutional Foundations to Improve Services for Health Project
IFR	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MD	Medical Director
MOH	Ministry of Health
No.	Number
NRH	New Redemption Hospital
OFM	Office of Financial Management
PBF	Performance Based Financing
PCO	Project Coordination Office
PDO	Project Development Objectives
PTC	Project Technical Committee

Acronyms/Abbreviations/Symbol	Meaning
PFM	Public Financial Management
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PPC	Public Procurement & Concessions
QPR	Quarterly Progress Report
RL	Republic of Liberia
RMNCAH	Reproductive Maternal, Child and Adolescent Health
SOE	Statement of Expenditures
TA	Technical Assistance
ToR	Term of Reference
USD/US\$	United States Dollars

June 26, 2025

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 Statements Audit of the Institutional Foundations to Improve Services for Health Project (IFISHP) for the Fiscal Year January 1, 2024 to December 31, 2024.

The financial statements of the Institutional Foundations to Improve Services for Health Project (IFISHP) for the fiscal year ended December 31, 2024 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 Institutional Foundations to Improve Services for Health Project (IFISHP) financial statements for the fiscal period ended December 31, 2024 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during 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.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the IFISH Project Management. Our responsibility is to express our opinion on these financial statements for the fiscal year ended December 31, 2024.

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

Key Management Personnel of the IFISH Project

No	Name	Title / Position Held	Period
1.	Hon. Louise M. Kpoto, M.D.	Minister of Health	2024 to Present
	Mr. Papin Daniels, Jr	Unit Director - PFMU	2017 to Present
2.	Mr. Leroy N. Fendor	Deputy Director - PFMU	2017 to Present
3.	Mr. Matthew T. K. Flomo	Health Portfolio Manager	2021 to Present
	Mr. Harry Neuville	Deputy Project Manager	2021 to Present
4.	Mr. Subozu Kollie	Project Internal Auditor	2014 to Present
5.	Mr. Garyeazohn Clarke	Finance Management Officer	2021 to Present

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and staff of the Institutional Foundations to Improve Services for Health Project (IFISHP) during the audit.

Sincerely,

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

Monrovia, Liberia

June 2025

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 Irregularities Associated with Annual Operational and Quarterly PBF Business Plans at PBF Beneficiaries Health Facilities

Criteria

- 1.1.1.1 Article 12 of the PBF Agreement requires that the health facility will submit the annual operational plan and the first quarter business plan for approval to the County Health Officer within fifteen (15) working days before the intended date of entry in to force of this agreement and the other quarterly business plan with in the first ten (10) working day of each quarter. The absence of annual operational and quarterly business plans will result in the cancellation of the agreement. Additionally, Hospital Medical Director and Administrator should ensure that all payments made to staff and other beneficiaries should be clearly signed and supported with a Business Plan.

Observation

- 1.1.1.2 During the audit, we observed the following irregularities associated with the Annual Operational and Quarterly PBF Business Plans at PBF beneficiary Health facilities in the counties. **See details in Table 1 below**

Table-1: Irregularities Associated with Annual Operational and Quarterly PBF Business Plans at PBF Beneficiaries Health Facilities

No.	Health Facilities	Location of Offices	Discrepancies
1.	F.J. Grante Hospital	Greenville, Sinoe County	The quarterly PBF Incentive Business Plan for quarter one of 2024 was not signed or approved by the F.J. Grante Hospital Board Chair, M&E, CHO and Medical Director for the effective implementation of the program as required.
2.	Rivercess County Health Team	Cestos, Rivercess County	The Annual Operational and PBF Quarterly Incentive Business Plans for quarter one, two three and four of 2024 were not provided by the Rivercess County Health Team for audit review.
3.	Bomi County Health Team	Tubmanburg, Bomi County	The Annual Operational and PBF Quarterly Incentive Business Plans for quarter one, two, three and four of 2024 were not provided by the Bomi County Health Team for audit review.
4.	Rally Town Hospital	Grandcess, Grand Kru County	The PBF Annual Operational Plan and Quarterly Incentive Business Plan for quarter one of 2024 was not provided by the Management of the Rally Town Hospital for audit review.

Risk

- 1.1.1.3 Management may be non-compliant with Article 12 of the PBF Agreement.
- 1.1.1.4 Inadequate approval of periodic operational and Business Plans may lead to project funds being expended on discretionary activities. This may impair value for money, facilitate misappropriation and lead to non-achievement of the project objectives.
- 1.1.1.5 In the absence of quarterly business plan, the required documentation to assess plan activities of the health facilities, subsequent performance of health facilities and periodic monitoring and evaluation at health facilities may not be available. This may impair the achievement of project deliverables.

Recommendation

- 1.1.1.6 Management should submit the quarterly business plans cataloged in **Table 1** above not made available for audit purposes to the Office of the Auditor General, as part of Management's response to this Management Letter. Management should also provide substantive justification for not facilitating approval of the quarterly business plans as required.
- 1.1.1.7 Going forward, Management should facilitate the timely receipt and approval of annual operational and quarterly business plans before funds are disbursed to the beneficiary health facilities.
- 1.1.1.8 The approved annual operational and quarterly business plans should serve as a basis for the conduct of periodic monitoring and evaluation of beneficiary health facilities performance consistent with the provisions of the approved plans. Discrepancies identified should be investigated and resolved in a timely manner (where applicable). Management should ensure that non-performing beneficiary health facilities do not receive subsequent quarterly funding until previously identified discrepancies are resolved.
- 1.1.1.9 Evidence of approved annual operational and quarterly business plans, and periodic activities and performance reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.10 *There is no standalone document specifically titled "PBF Annual Operational Plan". Instead, the County Health Teams (CHTs) develop their annual plans under the guidance of the Planning Unit at the Ministry of Health (MOH), in line with national planning processes. Both Rivercess and Bomi Counties have confirmed that their respective annual plans were developed accordingly and are available at the county offices. **Please see pages 167-182 for Bomi and pages 207 to 218 for River Cess in the Ministry of Health's National Operational Plan for FY 2024.***

Quarterly Business Plans:

- 1.1.1.11 *The counties have confirmed the availability of their quarterly business plans. The PBF Unit also maintains copies of these plans for all supported counties, including those for F.J. Grant and Rally Time Hospitals.*

Challenges with Q1 2024 Business Plans:

- 1.1.1.12 *A common issue across all supported counties (Bomi, Grand Kru, Sinoe, Gbarpolu, and Rivercess) relates to the Q1 2024 CHT business plans, which were not signed due to leadership transitions across the government's ministries and agencies following the change in government. County Health Officers (CHOs) and Superintendents were replaced, and during this period, there were no designated authorities to sign the documents. Additionally, the Deputy Minister for Policy, Planning, Research, Monitoring & Evaluation (DMP) did not sign the Q1–Q3 2024 business plans due to delays in the appointment of senior officials at the Ministry of Health.*

F.J. Grante Hospital and Rally Time Hospital:

- 1.1.1.13 *Neither hospital has a separate PBF Operational Plan. Their operational plans are subsets of the county's operational plan, which is outlined in the Ministry's national Operational Plan for FY 2024. Copies of the Quarterly Incentive Business Plans for Quarter One are attached hereto for your review. **See Exhibit I: Business Plans & PBF Annual Operational Plan.***

Auditor General's Position

- 1.1.1.14 We acknowledge Management subsequent submission of the Annual and Quarterly Business Plans after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.1.15 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that annual operational and PBF quarterly business plans are adequately documented and filed to facilitate future review.

1.1.2 Delay in the IFISH Project Implementation

Criteria

- 1.1.2.1 The IFISH Project was approved by the Board of the World Bank Executive Directors on May 21, 2020 and became effective on February 2, 2021. The project is expected to close on August 31, 2026. The total cost of the Project is US\$84 million. The project development objective (PDO) is to improve health service delivery to women, children and adolescents in Liberia.
- 1.1.2.2 Section 1.1 of the IFISH Project Implementation Manual requires the implementation of the following activities:

- Provision of maternal, child and adolescent health services through performance-based financing (PBF) to primary health facilities and hospitals;
- Operating costs for the community health program;
- Implementation of activities on adolescent health; and
- Procurement of essential medicines and supplies.

Observation

- 1.1.2.3 During the audit, we observed that the implementation of the project activities under "Improve Health Infrastructure, Improve Service Delivery and Strategic purchasing & equity in health financing and Project Management" have not been fully implemented in accordance with approved work plan and budget.
- 1.1.2.4 The following activities have not been completed in accordance with approved timelines:
- payments of Community Health Services Incentives to health facilities in Grand Gedeh, Grand Bassa and other Counties for the effective implementation of the program;
 - finalization of the procurement for the rehabilitation of nursing and midwifery skilled labs in Grand Gedeh, Lofa and Bomi Counties;
 - procurement of essential drugs and RMNCAH (Reproductive Maternal, Child and Adolescent Health) products;
 - adolescents Health Services in Bomi, Gbarpolu and Rivercess Counties (access to service through the refurbishment of five youth friendly centers in three counties)
 - migration of the project's financial reporting Software called "Sun Systems" to the IFMIS reporting software.
- 1.1.2.5 Consequently, our review of the project annual approved budget and workplan indicated significant variance/under disbursement between approved budget and actual expenditures for the implementation of the project activities indicated above. **See details in table 2 below:**

Table 2: Delay in the IFISH Project Implementation

Activities with in Components to be Implemented	Annual Approved Budget	Actual Expenditure incurred	Variance outstanding for the implementation of project activities	Percentage of project activities variance not implemented
	US\$	US\$	US\$	%
	(A)	(B)	C=(A-B)	D=C/A*100
Improve Health Infrastructure	9,711,835	557,394	9,154,441	94%
Improve Service Delivery	7,835,765	2,026,445	5,809,320	74%
Strategic Purchasing and Equity in Health Financing	5,797,442	4,976,979	820,463	14%
Project Management	1,902,914	1,315,919	586,995	31%
Total	25,247,956	8,876,737	16,371,219	

Risk

- 1.1.2.6 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.1.2.7 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.1.2.8 Payments may be made for service not performed and value for money may be impaired.
- 1.1.2.9 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

- 1.1.2.10 Management should provide substantive justification why project deliverables cataloged in our findings above have not been implemented in line with the approved budget and timelines.
- 1.1.2.11 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverable 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.
- 1.1.2.12 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.
- 1.1.2.13 Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.2.14 *During the period under review, the approved budget was US\$23,247,955.76 consisting of US\$9,711,834.50 for component 1, US\$7,835,764.61 for component 2, US\$3,797,442.39 for component 3, and US\$1,902,914.26 for component 4.*
- 1.1.2.15 *The disbursement of US\$557,394.03 in component 1 was the transactions that passed through the designated account. In addition to this, there were payments that were made by the World Bank directly to the contractor for the construction of the new Redemption Hospital under that component. These payments were included in the third-party payment section of the financial statement in the amount of US\$6,151,147.68 which when added to the disbursement made through the designated account for the period for component 1 will total US\$6,708,541.71. The variance under this component will be US\$3,003,292.79 (9,711,834.50-6,708,541.71) representing 31% for the period under review.*

1.1.2.16 Moreover, under Component 2, the disbursement of US\$2,026,445.00 was paid from the designated account and total direct payments (third party transactions) of US\$4,464,964.03 was paid by the World Bank giving a total disbursement of US\$6,491,408.53. When this is deducted from the budgeted amount, the variance will be US\$1,344,356.08 (7,835,764.61--6,491,408.53) which represent 17%.

1.1.2.17 Also, under Component 3, the total disbursement that passed through the project account was US\$4,976,978.75. There was also a disbursement made directly by the World Bank which is also part of the third-party payment in the amount of US\$121,466.38 which when added to the payments that were made through the designated account will be US\$5,098,445.13 thus creating a negative variance of US\$-1,301,002.74 (3,979,442.39--5,098,445.13) representing -34%. The negative variance was attributed to PBF earnings above projections for 2024 which suggests an improvement over 2023. Projected earnings for 2024 were based on actuals for 2023.

Component		Annual Budget	Direct Pmt Amt	Expenditure per DA	Total	Variance	%
1	Health Infrastructure	9,711,834.50	6,151,147.68	557,394.03	6,708,541.71	3,003,292.79	31%
2	Improve Health Service Delivery	7,835,764.61	4,464,964.03	2,026,444.50	6,491,408.53	1,344,356.08	17%
3	Strategic Purchasing and Equity in Health Financing	3,797,442.39	121,466.38	4,976,978.75	5,098,445.13	(1,301,002.74)	-34%
4	Project Management, and Monitoring and Evaluation	1,902,914.26	-	1,315,918.58	1,315,918.58	586,995.68	31%
	Total	23,247,955.76	10,737,578.09	8,876,735.86	19,614,313.95	3,633,641.81	16%

Auditor General's Position

1.1.2.18 We acknowledge Management's assertions and subsequent adjustment of the financial statements to reflect the direct payments made by the World Bank and consequently the total payments made to contractors. However, the total payments to contractors and associated activities implemented by the contractors indicate delay in disbursement consistent with approved budget and workplan which resulted in the non-achievement of approved project deliverables highlighted in our findings above. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.3 No Evidence of Code of Conduct-New Redemption Hospital Project

Criteria

- 1.1.3.1 Section 4.25 of the Construction Contract of the New Redemption Hospital requires that; the contractor shall have a Code of Conduct for the contractor's personnel. The contractor shall take all necessary measures to ensure that each contractor personnel is made aware of the code of conduct including specific behaviors that are prohibited and understands the consequences of engaging in such prohibited behaviors. The contractor shall ensure that the code of conduct is visibly displayed in multiple locations on the site and any other place where the work will be carried out as well as in areas outside the sites accessible to the local community and project affected people.

Observation

- 1.1.3.2 During the audit, we observed no evidence that the Management of ICCO developed, approved, operationalized and displayed the Code of Conduct at the construction site of the New Redemption Hospital in Caldwell, Montserrado County for the period under audit.

Risk

- 1.1.3.3 Management may be non-compliant with Section 4.25 of the Construction Contract of the New Redemption Hospital.
- 1.1.3.4 In the absence of the Code of Conduct, safety standards may not be instituted. This may lead to safety hazard, litigation, financial implications and reputational damages thereby impairing the achievement of the project objectives.

Recommendation

- 1.1.3.5 Management should develop, approve and operationalize a code of conduct comprehensively cataloging safety measures and procedures to safeguard personnel, stakeholders, and assets during the implementation of construction of the New Redemption Hospital. Management should ensure that the provisions of the code of conduct are supported by graphical representations, including infographics and pictures to facilitate precise interpretations of the code of conduct.
- 1.1.3.6 Subsequently, Management should ensure that the codes of conduct along with corresponding graphical representations is displayed in visible locations at the project sites as required.
- 1.1.3.7 Evidence of approved code of conduct should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.3.8 *The audit observation is noted. ICCO developed the Contractor-Environmental and Social Management Plan (C-ESMP), which forms an integral part of the project's implementation requirements. Additionally, for the subproject that ICCO is implementing under the IFISH*

project, all personnel are required to sign the Code of Conduct. ICCO did this in collaboration with the environmental and social safeguards team from the PIU. Safety, GBV SEA/SH posters are found on the walls at the project site. However, we acknowledge that a copy of the Code of Conduct was not posted outdoors on the walls at the project site. This will be corrected going forward. Please find a copy of the signed Code of Conduct. **See Exhibit II: Signed Code of Conduct.**

Auditor General's Position

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

1.2 Financial Reporting

1.2.1 Non-Submission of Approved Quarterly PBF Financial Reports by Health Facilities

Criteria

- 1.2.1.1 Article 11 of the IFISH PBF PIM requires that the verifiers of the National Verification Agency Team will verify/assess the CHT performance on a quarterly basis by using the following sets of indicators in a form of fee for service:
- County Quarterly Review Meeting
 - Monitor approved pharmacies & medicines stores for compliance with the Pharmaceutical Framework Agreement and
 - Quarterly Financial Report etc
- 1.2.1.2 Additionally, Section three (3) of the PBF Project implementation Manual requires that CHT, hospitals and health facilities Quarterly Financial Report should be Submitted on time and should be submitted by the 15th day after the quarter ends. Copy of the report should be printed and kept, including accounting documents and expenses supporting documents.

Observation

- 1.2.1.3 During the audit, we observed that several Health Facilities Managements did not provide evidence of PBF Quarterly Financial Reports or approved PBF Quarterly Financial Reports for the period under audit. **See Table 3 for details below**

Table-3: Non-Submission of Approved Quarterly PBF Financial Reports by Health HF

NO.	Health Facilities	Quarter for which Financial Reports were provided	Quarter for which Financial Reports were not provided	Quarterly Financial Report approved or unapproved
1	Rivercess County Health Team	None	All four Quarters	Not available
2	Bomi County Health Team	Only quarter four	Quarter one to three	Unapproved
3	SassTown Hospital	Only quarter four	Quarter one to three	Unapproved
4	Liberia Government Hospital in Bomi	Only quarter four	Quarter one to three	Unapproved

Risk

- 1.2.1.4 Management may be non-compliant with Article 11 of the IFISH PBF PIM.
- 1.2.1.5 In the absence of quarterly financial reports from the beneficiary's health facilities, Management assessment of the financial and operational performance of beneficiary health facilities may be impaired. Beneficiary health facilities may not account for all of their activities and project deliverables may not be implemented in line with approved operational and business plans.
- 1.2.1.6 In the absence of approved quarterly financial reports of beneficiary health facilities, the ownership and authenticity/ legitimacy of the financial reports may be impaired.

Recommendation

- 1.2.1.7 Management should submit the approved quarterly financial reports of the Rivercess County Health Team not made available for audit purposes to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.2.1.8 Going forward, Management should liaise with the relevant authorities at the beneficiary health facilities to facilitate the timely preparation, approval and submission of quarterly financial reports as required. The approved quarterly financial reports should be reviewed and approved by the project Management to ensure that financial reports are adequately prepared consistent with approved formats and standards, and utilized in the conduct of periodic monitoring and evaluation activities.
- 1.2.1.9 Evidence of approved periodic financial reports from beneficiary health facilities should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.10 ***Bomi County Health Team:*** The approved financial reports for Quarters 1, 2 and 3 are available for review. The CHT submitted the financial reports for the four quarters to the PIU, and copies kept on the file.
- 1.2.1.11 ***Sasstown Hospital:*** The approved financial reports for Quarters 1, 2 and 3 are available at the PIU for review. The hospital submitted the financial reports for the four quarters to the PIU, and copies kept on the file.
- 1.2.1.12 ***Liberia Government Hospital in Bomi:*** The approved financial reports for Quarters 1, 2 and 3 are available at the PIU for review. The hospital submitted the financial reports for the four quarters to the PIU, and copies kept on the file.
- 1.2.1.13 ***Rivercess County Health Team*** had some challenges with having staffing in 2024. For a period, the administrator and accountant were absent from the CHT. The Ministry has filled in the staffing gaps by assigning administrator, accountant and compliance officer, which will help to address administrative and financial management challenges including

preparation of bank reconciliation statements and quarterly financial reports. See Exhibit III: Approved Quarterly PBF Financial Reports

Auditor General's Position

- 1.2.1.14 We acknowledge Management subsequent submission of the Quarterly PBF financial reports for Sasstown Hospital, Bomi County Health Team and Liberia Government Hospital in Bomi County after our audit execution. However, Management did not provide the PBF quarterly financial report for Rivercess as confirmed in Management response. Also, Management's provision of documents after our review, does not guarantee Management effective control of document management.
- 1.2.1.15 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that PBF quarterly financial reports and other relevant financial records are adequately documented and filed to facilitate future review.

1.2.2 Variance between Annual Approved Work Plan and Financial Statements

Criteria

- 1.2.2.1 Section 4.1 of the PFMU Financial Procedures Manual requires that the budget/ program documents have provided for the allocation of the grant against specific components and activities with defined expected outputs to be achieved over the project or program periods for the grant utilization and in accordance with allocations made in the project/program documents and their technical annexures.

Observation

- 1.2.2.2 During the audit, we observed a variance of US\$2,349,763 between the budgeted amounts in the Annual Approved Work Plan and the budgeted amounts in the Statement of Comparison of Budget verses Actual Amounts in the financial statements. **See Table 4 below for details.**

Table 4: Variance between Annual Approved Work Plan and Financial Statements

Components	Approved Budget Per Financial Statements	Approved Budget Per Annual Approved Workplan	Variance	Percentage of variance
	US\$	US\$	US\$	%
	(A)	(B)	C=(A-B)	D=C/A*100
1. Improve Health Infrastructure	9,711,835	8,891,000.50	820,834.50	8%
2. Improve Health Service Delivery	7,835,765	8,077,650.25	(241,885.25)	-3%
3. Strategic Purchasing and Equity in Health Financing	5,797,442	3,957,571.21	1,839,871.00	32%

Components	Approved Budget Per Financial Statements	Approved Budget Per Annual Approved Workplan	Variance	Percentage of variance
4. Project Management & Monitoring and Evaluation	1,902,914	1,971,971	(69,057.00)	-4%
Total	25,247,956	22,898,193	2,349,763	

Risks

- 1.2.2.3 Management may be non-compliant with Section 4.1 of the PFMU Financial Procedures Manual.
- 1.2.2.4 Fair presentation and full disclosure of the financial statements may be impaired.
- 1.2.2.5 Reconciliation of budget verses actual amounts in the financial statements may be impaired. This may lead to misstatement of the financial statements.

Recommendation

- 1.2.2.6 Management should account for the variance between the approved annual work plan and the financial statements cataloged in **Table 4** above, and adjust the financial statements where applicable. The adjusted financial statements should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.2.2.7 Going forward, Management should facilitate routine training of data entry and preparation of financial statements for junior staff. This will ensure that financial statements prepared are reflective of the comprehensive and approved financial activities of the project. Financial statements should be prepared, reviewed and approved by individuals with the relevant qualification, experience and seniority. Management should also perform periodic reconciliation among the general ledger, trial balance, financial statements and associated documentation including the approved annual work plan. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.2.2.8 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.2.2.9 Evidence of approved financial statements and periodic reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.10 This was an oversight. The budget versus actual page of the financial statement has been revised to reflect the actual budgeted amount. Attached is the financial statement for easy reference. **See Exhibit IV: Revised Financial Statement.**

Auditor General's Position

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

1.3 Personnel Management

1.3.1 Non-remittance of Withholding Taxes

Criteria

- 1.3.1.1 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".
- 1.3.1.2 Section 91. (a) of the revised Revenue Code of 2011 requires 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

- 1.3.1.3 During the audit, we observed that Management withheld the total amount of US\$129,108.78 as taxes from payment of services rendered by staff, contractors, vendors and consultants of the project without evidence of remittance to the General Revenue Account as required. **See Table 5A, 5B, 5C and 5D below for details:**

Table 5A: Non-remittance of Withholding Taxes

Position	Monthly Gross Salary	10% withholding taxes	Monthly Net Salary	Total withholding taxes for 12months
	US\$ (A)	US\$ (B)	US\$ (C)	US\$ (D)=(B*12)
Financial Management Officer	3,210.00	321.00	2,889.00	3,852.00
Health Infrastructure Specialist	4,084.55	408.46	3,676.10	4,901.46
Procurement Officer	2,941.18	294.12	2,647.06	3,529.42

Position	Monthly Gross Salary	10% withholding taxes	Monthly Net Salary	Total withholding taxes for 12months
	US\$ (A)	US\$ (B)	US\$ (C)	US\$ (D)=(B*12)
Procurement Assistant	1,277.76	127.78	1,149.98	1,533.31
Office Assistant	500	50.00	450.00	600.00
Office Assistant	500	50.00	450.00	600.00
Procurement Clerk	500	50.00	450.00	600.00
Project Driver No. 1	450	45.00	405.00	540.00
Project Driver No. 2	450	45.00	405.00	540.00
Project Manager	6,500	650.00	5,850.00	7,800.00
Deputy Project Manager	4,575.16	457.52	4,117.64	5,490.19
Infrastructure Analyst	2,200	220.00	1,980.00	2,640.00
Program Officer	2,600	260.00	2,340.00	3,120.00
Program Assistant	1,100.00	110.00	990.00	1,320.00
Social Safeguard Officer	2,111.11	211.11	1,900.00	2,533.33
Administration & Finance Officer	2,777.78	277.78	2,500.20	3,333.60
Total	35,777.54	3,577.77	32,199.98	42,933.31

Table 5B: Non-Remittance of Withholding Taxes (Non-resident)

Position	Monthly Gross Salary	15% Income Deduction	Total withholding taxes for 12 months
	US\$	US\$	US\$
PBF Technical Assistant (T. Ntezirayo) Salary	10,171.60	1,525.74	18,308.88
Joseph Adu	8,000.00	1,200.00	14,400.00
Total	18,171.60	2,725.74	32,708.88

Table 5C: Non-Remittance of Withholding Taxes

Entity/Consultant/Vendor	Quarter for which payments were made	Quarterly Installment Payments	15% withholding tax Deduction
		US\$	US\$
African Institute for Development & Equity (AIDE)	Quarter-One and two	142,901.63	21,435.24
African Institute for Development & Equity (AIDE)	Quarter-three	95,267.75	14,290.16
African Institute for Development & Equity (AIDE)	Quarter-four	95,267.75	14,290.16
Total		333,437.13	50,015.56

Table 5D: Non Remittance of Withholding Taxes (Presumptive Taxes)

Date	Payee	Description	PV#	Amount US\$	Tax rate (%)	Tax Amount US\$
6-Jun-24	Raj Enterprise Inc.	Supply of 795 pcs of Lonestar communication cards	2024/254	8,755.00	2%	175.10
4-Jun-24	Petro Trade Inc	Delivery of 698 gals of diesel fuel	2024/238	3,496.98	1%	34.97
11-Jul-24	The Farmington Hotel	Catering, Accom. and Hall rental	2024/309	10,852.00	10%	1,085.20
10-Oct-24	United Office Supplies & Equip.	Purchase of 2pcs of Laptops, 2pcs of air conditioners and mini fridge	2024/513	9,735.00	2%	194.70
26-Aug-24	Golden Gate (Liberia) Inc.	Catering & Hall rental	2024/386	4,219.60	10%	421.96
3-Apr-24	Class Stationery	Supply and delivery of pcs of Samsung Galaxy Tab A7, etc..	2024/123	43,850.00	2%	877.00
4-Apr-24	Raj Enterprise Inc.	Represent the supply & delivery payment communication cards	2024/129	8,115.00	2%	162.30
15-Aug-24	Raj Enterprise Inc.	Supply & delivery of 791 pcs of Lonestar communication cards	2024/379	8,205.00	2%	164.10
1-Jul-24	Petro Trade Inc	Payment for delivery of 528 gals of diesel fuel	2024/291	2,645.28	1%	26.45
11-Jul-24	M & Y Enterprise	Printing & binding of 135 copies of Financing forms	2024/311	14,107.50	2%	282.15
3-Jul-24	Petro Trade Inc	Payment for fuel to facilitate and central level team	2024/300	2,710.41	1%	27.10
Total				116,691.77		3,451.03
Grand Total (table 5A-5D)						129,108.78

Risk

- 1.3.1.4 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.3.1.5 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia Act of 2000 as amended 2011, which may result in to penalties for late payment and failure to pay.
- 1.3.1.6 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.3.1.7 Management should provide substantive justification for not remitting withholding taxes to the Consolidated Account.
- 1.3.1.8 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

- 1.3.1.9 *The Management of PFMU has worked and continue to engage with the relevant stakeholders on this GOL flag receipts (evidence of tax payments) issue for taxes remitted. The LRA indicated that the PFMU is not regarded as one of her Collectorates that can issue flag receipt. In spite of the challenges in remitting the relevant taxes, the PFMU continue to do so. However, some of the taxes are not remitted on a real time basis given the challenges encountered in the remittance process.*
- 1.3.1.10 *Currently, LRA has encouraged PFMU to ensure that tax payments are deducted and remitted via the Liberia Integrated Tax System (LITAS), a comprehensive system for managing tax processes, which allows, among other things, the generation of a bill and a receipt which the consultant or vendor can later take to LRA to receive their Official Flag Receipts. Most of the referenced taxes have been paid and others are due to be paid in this current period. **See attached Exhibit V: Status of Tax Payments & LRA Tax Receipts.***

Auditor General's Position

- 1.3.1.11 We reviewed the bank statements reflecting withholding tax payments subsequently submitted by Management, after our audit execution as a substitute for the absence of original copies of flag receipts. Therefore, we have adjusted the withholding tax payments without supporting documents to **(US\$129,108.79 – US\$124,650.29), US\$4,458.50** to be accounted for by Management. Therefore, we maintain our recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.2 Delay in the Payment of PBF Incentives to County Health Facilities

Criteria

- 1.3.2.1 Article five (5) of the PBF Contract Agreement requires that earned incentives should be paid to the CHT and Facilities not later than thirty (30) days after the end of each quarter. Performance payment will be deposited directly to the CHT or Health Facilities PBF designated bank account.

Observation

- 1.3.2.2 During the audit, we observed that Management did not facilitate timely disbursement of

the Performance Based Financing (PBF) Incentives as required. **See Table 6 below for details:**

Table 6: Delay in the Payment of PBF Incentives to County Health Facilities

NO.	Health Facilities	Amount of PBF Payment Earned Per Quarter	Quarter for which PBF Payments was Due	Date on which PBF Payments were done	Actual Date PBF Payment Made	Number of Days PBF Payments Delayed
1	Liberia Government Hospital in Tubmanburg, Bomi County	10,486.00	Quarter one (1)- Jan., Feb & Mar. 2024	May 1, 2024	July 1,2024	Sixty (60) days
2	Liberia Government Hospital in Tubmanburg, Bomi County	20,494.00	Quarter two (2)- April., May & June. 2024	August 1, 2024	October 11, 2024	Seventy (70) days
3	Liberia Government Hospital in Tubmanburg, Bomi County	13,935.00	Quarter three (3)-July., Aug & Sept. 2024	November 1, 2024	December 24, 2024	Fifty-three (53) days
4	Bomi County Health Team	8,647.00	Quarter one (1)- Jan., Feb & Mar. 2024	May 1, 2024	August 7,2024	Ninety (90) days
5	Rivercess County Health Team	4,762.62	Quarter one (1)- Jan., Feb & Mar. 2024	May 1, 2024	Nov 20,2024	One hundred and eighty-five (185) days
6	Sinoe County Health Team	5,652.00	Quarter one (1)- Jan., Feb & Mar. 2024	May 1, 2024	19-Aug-24	Ninety-eight (98) days
7	F.J.Grante Hospital, Sinoe County	9,361.29	Quarter three (3)-July., Aug & Sept. 2024	November 1, 2024	13-Jan-25	Fifty-four (54) days
8	Sinoe County Health Team	9,043.00	Quarter two (2)- April., May & June. 2024	August 1, 2024	Nov 6,2024	Ninety-five (95) days
9	Sinoe County Health Team	5,652.00	Quarter one (1)- Jan., Feb & Mar. 2024	May 1, 2024	19-Aug-24	Ninety-eight (98) days
10	J.J..Dossen Hospital,	16,435.00	Quarter one (1)- Jan., Feb & Mar.			One hundred and fifty (150) days

NO.	Health Facilities	Amount of PBF Payment Earned Per Quarter	Quarter for which PBF Payments was Due	Date on which PBF Payments were done	Actual Date PBF Payment Made	Number of Days PBF Payments Delayed
	Maryland County		2024	May 1, 2024	9-Oct-24	
11.	J.J..Dossen Hospital, Maryland County	30,582.00	Quarter two (2)- April., May & June. 2024	August 1, 2024	4-Dec-24	One hundred and twenty (120) days

Risk

- 1.3.2.3 Payments may not be made to approved beneficiaries in a timely manner. This may impair productivity and the willingness of health workers to retain assignments in designated counties.
- 1.3.2.4 Delay in the payment of the PBF Incentives to health facilities may lead to litigation, reputational damage, disruption in planned project activities and the non-achievement of the project's objectives.

Recommendation

- 1.3.2.5 Management should provide substantive justification why the payments of the PBF Incentives to health facilities were not facilitated in a timely manner as required.
- 1.3.2.6 Going forward, Management should facilitate timely disbursement of PBF Incentives consistent with approved work plan and budget. Evidence of periodic disbursements of PBF incentives should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.2.7 *The MOH management acknowledges the audit finding and recommendation therein. Management wants to register here that there are several contributing factors, including provisions in the revised PBF manual, that caused the delay of the incentive payment.*
- 1.3.2.8 *According to the processes that lead to payment, the verification agency will start the verification process on the 18th of the month following the end of the quarter for approximately three weeks/21 days to verify results and submit reports and invoices for incentive payment. The PBF Unit will take about a week or three to five working days to review, approve and submit the invoice to the PIU for payment authorization.*
- 1.3.2.9 *The PIU will take about two to three working days to complete the internal processing and submit the invoice to PFMU for payment through payment authorization. Once the invoice is submitted to PFMU, it is expected to take five working days to complete the transaction, and the payment instruction is sent to the bank.*

1.3.2.10 However, there are also some internal delays in approving payment at PFMU/MFDP. There are also internal delays at our bank in transferring funds to the respective counties and hospitals' accounts given that they have their respective accounts at different banks.

1.3.2.11 With the summary processes and timeline listed above, as well as the difficulties faced in approving payments, it is almost impossible to make payments to hospitals and counties within six weeks. However, management will ensure that PBF contract agreements capture reasonable dates and try to make timely payments going forward.

Auditor General's Position

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

1.3.3 Irregularities Associated with IFISH Employees Attendance

Criteria

1.3.3.1 The Ministry of Health Financial Management Policies and Procedure Manual requires 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.

1.3.3.2 Additionally, Section 7.1.2. of the IFISH Project Implementation Manual requires that, the PIU maintains adequate staffing with qualifications and competence for coordinating and managing projects. All staff in the PIU with consultancy contracts are required to fill a consultancy report form, attendance sheet, with payment request invoice at the end of each man month. Invoices and reports must be approved and authorized by the project manager or the deputy manager where applicable.

Observation

1.3.3.3 During the audit, we observed that staff are required to sign the attendance log at the start and end of the work day. However, there were instances where some staffer of the project did not sign in as per the MoH regular working hours schedule.

Risk

1.3.3.4 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.

1.3.3.5 Management may facilitate payments to illegitimate/non-existing personnel (ghost).

Recommendation

1.3.3.6 Management should ensure that all staff sign the daily attendance records. The daily

attendance sheet should include the following columns: name of employee, department, position, signatures and time for in and out periods.

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

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

Management's Response

1.3.3.9 *Management acknowledged the audit observation, finding, and recommendation. There has been an improvement since the last recommendation was made, particularly in terms of staff signing out in the daily attendance logbook.*

1.3.3.10 *The other key issue concerns staff who are often in the field, performing various responsibilities. Going forward, we need to rehash the importance of using the separate logbook for staff who may not be able to sign in and out in the daily attendance logbook due to their assignments outside the PIU offices. Staff in this category must always document in the logbook the number of days they will be out of the office, the reasons, the date of return, and any other relevant details.*

Auditor General's Position

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

1.4 Cash Management

1.4.1 Irregularities Associated with Bank Reconciliations

Criteria

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

1.4.1.2 Additionally, sub-section 6.5.3 of the PFMU Financial Procedures Manual indicate that, the PFMU Manager shall ensure that all reconciliation differences are properly and promptly investigated with a view to regularize them. To this end, all bank reconciliation statement prepared by the Assistant Project Accountant (APA) shall be reviewed by the Internal Auditor and approved by the Unit Head or Senior Accountant".

Observation

- 1.4.1.3 During the audit, we observed the following irregularities associated with the preparation of monthly bank reconciliation statements at several Performance Based Financing (PBF) beneficiaries' Hospitals and County Health Facilities. **See Table 7 below for details.**

Table 7: Irregularities Associated with Bank Reconciliations

No.	Health Facilities	Location of Offices	Discrepancies
1.	Maryland County Health Team	Harper City, Maryland County	There was no evidence of monthly bank reconciliation statements prepared by the Management of the Maryland County Health Team for the PBF incentives received covering the months of March, April, May and June 2024.
2.	Sinoe County Health Team	Greenville City, Sinoe County	There was no evidence of monthly bank reconciliation statements prepared by the Management of the Sinoe County Health Team for the PBF incentives received covering the months of November and December 2024.
3.	Rivercess County Health Team	Cestos City, Rivercess County	There was no evidence of monthly bank reconciliation statements prepared by the Management of the Rivercess County Health Team for the PBF incentives received covering the entire twelve (12) months (January to December 2024) under audit.

Risk

- 1.4.1.4 Failure to prepare/inadequate preparation of bank reconciliation statements may lead to untimely detection of errors, omissions and fraud. Management may not fully account for its transactions.

Recommendation

- 1.4.1.5 Management should ensure that monthly bank reconciliation statements are prepared for each account established by the project.
- 1.4.1.6 Monthly bank reconciliation statements should be prepared and approved by staff with the relevant qualification, experience, and seniority in a timely manner.
- 1.4.1.7 Management should facilitate comprehensive review of the bank statements and the cashbook. Errors identified should be investigated and adjusted where applicable in a timely manner.
- 1.4.1.8 Monthly bank reconciliation statements should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.1.9 *Management acknowledged the audit observation and recommendation. For the period under review, the three CHTs faced challenges as gaps existed for accountants.*

Management has taken steps to address the challenges. New accounting staff have been deployed. Routine bank reconciliation is taking place with documentation filed. During the next audit, it is expected that updated bank reconciliation documents will be available for review.

Auditor General's Position

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

1.4.2 Non-Submission of PBF Cash Book by J.J Dossen Hospital

Criteria

- 1.4.2.1 Article 4, paragraph nine (9) of the PBF Agreement indicates that Health Facilities should ensure complete transparency and access to information relating to the use of funds generated through PBF and all other sources. Examples, financial statements and receipts.
- 1.4.2.2 Further, Regulations C.8, sub section 3h of the PFM Act of 2009, as amended and restated in 2019 requires that a head of agency or spending unit shall produce, when required by the Minister of Finance, the Comptroller-General, head of internal audit or Auditor-General or by such officers as may be authorized by any of the above, all cash, books, records, vouchers or other items of value in his or her charge.

Observation

- 1.4.2.3 During the audit, we requested copy of the Performance Based Financing's cashbook from the Management of the J.J.Dossen Hospital to verify the completeness and accuracy of cash transactions reported for the period under audit.
- 1.4.2.4 However, Management did not provide the cashbook for audit review, despite communication and follow-up by the Audit Team to Management.

Risk

- 1.4.2.5 The completeness and accuracy of closing cash balances may not be assured. Therefore, the financial reports may be misstated.
- 1.4.2.6 Management may not account for all cash transactions of the project.

Recommendation

- 1.4.2.7 Management should provide copy of the cashbook used in the preparation of the financial reports to the Office of the Auditor General as part of Management's response to this Management Letter.
- 1.4.2.8 Going forward, Management should facilitate the comprehensive preparation of the cashbook to ascertain the completeness and accuracy of cash transactions. Evidence of electronic copy of the cashbook should be maintained for audit and review purposes.

- 1.4.2.9 Management should also ensure that all information requested for audit purposes are made available in a timely manner.

Management's Response

- 1.4.2.10 *Management acknowledged the audit observation and recommendation. For the period under audit, the hospital did not have an accountant. Corrective actions have been taken with the appointment of an accountant. During subsequent audit, updated cashbook will be available for review by the audit team.*

Auditor General's Position

- 1.4.2.11 Management's assertions did not adequately address the issues raised. Management did not provide a copy of the cashbook utilized in the preparation of the financial statements as requested. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.4.3 Long Outstanding Items and Bank Errors on Bank Reconciliation Statements

Criteria

- 1.4.3.1 Section 6 paragraph 6.5.1 of the PFMU Financial Procedure Manuel states," the cash book shall be reconciled monthly to the bank statement within 10 working days of the month end. Difference deriving there from shall be investigated and resolved promptly. Unpresented checks will be written back in the project's books of account one month after the negotiable period of six (6) months has elapsed."
- 1.4.3.2 Additionally, Regulation R.6 Regulations of the PFM Act of 2009 as Amended and Restated 2019 states "checks issued by the Republic of Liberia shall be valid for a period of six months from the date of issue. The Minister is authorized to have printed or stamped on government checks a legend stating that each cheque must be cashed within six months of the date of issue".
- 1.4.3.3 Additionally, Regulation R.7 of the PFM Act of 2009 as Amended and Restated 2019 states, "If a check becomes invalid by virtue of regulation R.6 above, payment of the check may nonetheless be affected, if within 18 months of the date of issue, the payee or holder in due course presents the check to the Minister. If satisfied that there is no doubtful question of law or fact concerning its payment, the Minister shall cancel and perforate it and issue a new check in lieu of thereof in the same amount in favor of the person presenting the check".

Observation

- 1.4.3.4 During the audit, we observed that several checks amounting to US\$25,400.82 were issued beyond the statutory period and were not cashed by the respective payees after the validity period of six (6) months.

- 1.4.3.5 Additionally, the Project Bank Reconciliation Statements recorded a bank error on the face of the reconciliation statements dated January 9, 2023 amounting to US\$4,255 which was maintained on the reconciliation statement from January 9, 2023 to October 2024. **See Table 8 below for details.**

Table 8: Long Outstanding Items and Bank Errors on Bank Reconciliation Statements

No.	Date check was issued	Payee	Number of Months	Amount US\$
1	10-Oct-23	General Revenue	7	306.12
2	2-Apr-24	Rivercess County	7	14,615.90
3	2-Apr-24	Grand Cape Mount County	7	5,787.90
4	2-May-24	Grand- Kru County	7	4,690.90
	Total			25,400.82

Risk

- 1.4.3.6 Management may be non-compliant with Regulations R.6 and R.7 of the PFM Act of 2009 as Amended and Restated 2019.
- 1.4.3.7 Outstanding cheques for over six (6) months may lead to misstatement of expenditures and subsequently the financial statements.
- 1.4.3.8 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud.

Recommendation

- 1.4.3.9 Going forward, Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the project. Discrepancies/bank errors identified should be investigated and resolved where applicable in a timely manner. All unrepresented checks not cleared within the required statutory period of six months should be reversed in the cashbook and removed from the bank reconciliation statements accordingly.
- 1.4.3.10 Evidence of monthly bank reconciliation reports and approved journal vouchers for reversal entries should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.3.11 *The long outstanding transactions on the bank reconciliation statements of the IFISH project are not related to checks but rather to direct deposit payments for quarterly Performance Based Financing (PBF) earnings that were categorized under the general term "unpresented checks." The bank reconciliation statements have been revised to clearly distinguish direct deposits from actual unpresented checks, ensuring more accurate and transparent presentation of the reconciliation. The delay primarily arose because the affected health facilities took extended periods to inform the Project Financial Management Unit (PFMU) that they had not received their PBF earnings for specific quarters.*

1.4.3.12 *It is important to note that these outstanding transactions do not relate to a single facility but involve multiple facilities across various counties. The delays occurred as a result of errors and inconsistencies in the bank account information of the facilities, which took considerable time to identify and correct. Resolving these issues required close coordination between the PFMU, the counties, and the facilities to update and validate the correct account details for proper disbursement.*

1.4.3.13 *To prevent future occurrences, the PFMU has implemented corrective measures, including enhanced communication protocols with the facilities and strengthened monitoring mechanisms for fund disbursement. These steps are aimed at improving the accuracy, timeliness, and transparency of financial transactions under the IFISH project. **See attached Exhibit VI: Revised Bank Reconciliation Statement***

Auditor General's Position

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

1.5 Procurement Management

1.5.1 Delay in the Construction Project of the New Redemption Hospital

Criteria

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

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

1.5.1.2 Additionally, Sub-section 2.3 of the World Bank Procurement Regulations of September 2023 requires that value for money is achieved through the application of the following:

- a. Selection of appropriate contractual arrangements;
- b. Selection of the firm that best meets the needs and objectives of the procurement; and C. Effective contract management to ensure successful execution of the contract and
- b) ensure that the deliverables are met as agreed in the contract.

1.5.1.3 On May 5, 2023, a construction contract was awarded to International Consolidated Contractors Offshore represented by its Country Manager, Mr. Daniel Mhanna, for the completion of the remaining construction works of the New Redemption Hospital and

adjunct facilities located in Caldwell, Montserrado County for phases 1.1. The contract was awarded by the Ministry of Health of Liberia for the total contract price of US\$5,771,411.61 (Five Million Seven Hundred Seventy-One Thousand Four Hundred Eleven United States Dollars and Sixty-One Cents). The duration and completion of the contract works was slated for seven (7) months, beginning May 2023 for which ICCO was paid a total of US\$2,934,855.91.

1.5.1.4 After delay of the New Redemption Hospital construction Project, a new construction contract was awarded to ICCO on January 1, 2024 with a new contract price of US\$9,433,330.16 (Nine million, four hundred thirty-three thousand, three hundred and thirty dollars and sixteen Cents). The duration and completion of the new contract works was slated for fifteen (15) months, beginning January 1, 2024 to March 31, 2025 for phase 1.2 under a new funding source from the IFISH Project.

1.5.1.5 Additionally, on November 13, 2024, the Minister of Health approved a variations order from WAPCOS (supervising engineer) of the New Redemption Hospital Construction Project, with an additional cost of US\$2,797,702.26 and an extension of the contract works from March 31, 2025 to July 31, 2025 which derived the total contract price of US\$ 12,231,032.42 as a result of additional delay in construction of the NRH.

Observation

1.5.1.6 During the audit, we observed that construction works at the New Redemption Hospital were still ongoing beyond the approved timeline of March 31, 2025.

1.5.1.7 Further, during our physical verification of the New Redemption Hospital Construction Project on May 9, 2025, and reviewed of project documents revealed the following:

- total payments made from the new contract price of US\$12,231,032.42 to the Contractor for the period under review amounted to US\$5,492,925.84;
- from the activities schedule of the construction works, doors installation was scheduled to be completed on September 12, 2024, but delayed and was not installed up to the time of our physical verification on May 9, 2025;
- elevator installation was scheduled to be completed on November 27, 2024, but delay and was not installed up to the time of our physical verification on May 9, 2025;
- first layer painting internally was scheduled to be completed on July 22, 2024, but delay and was not done up to the time of our physical verification on May 9, 2025;
- steel doors installation was scheduled to be completed on May 17, 2024, but delayed and was not installed up to the time of our physical verification on May 9, 2025 and
- the fence builds around the New Redemption Hospital is incomplete. The portion of

the fence located in the swamp was partially constructed. etc. **See GAC photos of the New Redemption Hospital Construction project for details:**

GAC Photo 1: Exterior view of the New Redemption Hospital



GAC Photo 2: Interior view of the New Redemption Hospital



GAC Photo 3: Fence, partially constructed around the New Redemption Hospital



GAC Photo 3: Foundation for medical waste under construction at the NRH



Risk

- 1.5.1.8 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.5.1.9 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.1.10 Payments may be made for service not performed and value for money may be impaired.
- 1.5.1.11 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

- 1.5.1.12 Management should provide substantive justification why project deliverables cataloged in our findings above have not been implemented in line with the approved workplan and timelines.
- 1.5.1.13 Going forward, Management should develop, approve and operationalize a work plan to facilitate the smooth implementation of service for all contractors. The work plan should comprehensively catalog phases of deliverable 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.
- 1.5.1.14 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.
- 1.5.1.15 Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.1.16 *Management acknowledges the audit observations and findings. Several factors have contributed to the delay in the construction of the New Redemption Hospital.*
- 1.5.1.17 *In May 2023, International Consolidated Contractors, offshore (ICCO) was initially awarded a contract under the Ebola Emergency Response Project (EERP) on a competitive basis, with a contract value of US\$5,771,411.61, to complete the remaining works at the New Redemption Hospital (Phase 1.1) Contract. The contract became effective in June 2023. The award of the contract followed a period of inactivity at the project site, resulting in the cancellation of contracts with the previous contractor (West-Kevcon, JV) and supervising engineer (MASS Design). The amount was to cover the completion of concrete works of the structures, roofs, plastering, electrical conduits & wiring, construction of screening, laundry, and kitchen buildings.*
- 1.5.1.18 *By December 2023, given the short project timeline for the contractor to execute the project and given that the EERP was closing on December 31, 2023, couple with available funding, the contractor's contract was descope by US\$1,606,811.12, and then carried over to the IFISH Project for continuation under (Phase 1.2) of the project.*
- 1.5.1.19 *ICCO was awarded the New Redemption Hospital's contract for Phase 1.2, with a contract cost of US\$9,433,330.16, which included a scope of work valued at US\$1,606,811.12 embedded therein.*
- 1.5.1.20 *During the mid-term review (MTR) of the IFISH Project's construction of the New Redemption Hospital, conducted by the World Bank Team and the Ministry of Health,*

several changes were made to enhance the new hospital's functionalities. The proposed and agreed-upon changes included the medical gas system, architecture (opening doorways to 1.2m), relocating the mortuary, doors and door types, solar system, BMS system, flooring and tiling, electrical system, etc. The total cost for the changes amounted to US\$2,797,702.12, increasing the contract cost for Phase 1.2 to US\$12,231,032.42 with the contract extended to July 31, 2025.

Auditor General's Position

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

1.5.2 Variance between PBF Cash Book and PBF Bank Statements

Criteria

- 1.5.2.1 Article 6 of the PBF Agreement requires that County Health Team should administer financial management system, including budgeting, financial accounting and reporting, internal and external audits, and disbursement of PBF Subsidies in accordance with the PFM Law and Regulations.
- 1.5.2.2 Section 6.5.1 of the PFMU Financial Procedures Manual requires that all cashbook shall be reconciled monthly to the bank statements within ten working days of the month ends. Differences arising there from shall be investigated and resolve promptly.

Observation

- 1.5.2.3 During the audit, we observed an unexplained variance of US\$13,552.82 between the Expenditure Figures Recorded in the PBF Cashbook and the Expenditure Figures recorded in the PBF bank statements for the fiscal year ended December 31, 2024. **See Table 9 below for details.**

Table 9: Variance between PBF Cash Book and PBF Bank Statements.

		Expenditure Per PBF Bank statements	Expenditure Per PBF Cashbook (B)	Variance
		(A)	(B)	(C)=A-B
#	Health Facilities	US\$	US\$	US\$
1	Rivercess County Health Team	22,371.32	39,104.14	(16,732.82)
2	Bomi County Health Team	49,262.00	26,044.00	23,218.00
4	Maryland County Health Team	87,736.84	109,260.84	(21,524.00)
5	Sass Town Hospital	10,839.00	9,353.00	1,486.00
Total		170,209.16	183,761.98	(13,552.82)

Risk

- 1.5.2.4 The completeness, occurrence and accuracy of expenditures may not be assured; therefore, the financial statements may be misstated. A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.5.2.5 Management may not account for all its transactions.

Recommendation

1.5.2.6 Management should fully account for the variances observed between the cashbook and bank statements cataloged in **Table 9** above.

1.5.2.7 Going forward, Management should liaise with the relevant authorities of the PBF to facilitate the conduct of periodic reconciliation between the cashbook and the bank statements. Variances identified should be investigated and adjusted where applicable in a timely manner.

1.5.2.8 Evidence of periodic reconciliation between the bank statements and the PBF Cashbook should be adequately documented and filed to facilitate future review.

Management's Response

1.5.2.9 *Management acknowledged the audit observation and recommendation. The variances are mainly due to bank reconciliation issues, including using manual cashbook alongside the NetSuite platform. As mentioned elsewhere, some of the county health teams never had accountants during the period under review. Management has taken corrective actions to avert any repeat of the situation.*

Auditor General's Position

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

1.5.3 Un-authorized Payment Vouchers at Counties Health Facilities

Criteria

1.5.3.1 Regulations P.11 (1) of the PFM Act of 2009 as amended in 2019 state that "A head of government agency may in writing authorize by name officers in his Government Agency or office to sign payment vouchers on his behalf and shall in doing this set the financial limits and other conditions within which this authority shall be exercised and communicate same in writing to the Comptroller-General and the Auditor General".

Observation

1.5.3.2 During the audit, we observed that payments amounting to US\$9,113.00 were disbursed for several transactions without evidence of approved payment vouchers. **See Table 10 below for details.**

Table 10: Un-authorized Payment Vouchers at Counties Health Facilities

No.	Date	Check #	PV#	Description	Health Facilities	Payee	Amount US\$
1.	March 26, 2024	177607	03-2024	PMT for quality quarterly	Rivercess County Health	Isaach Garpee	1,200.00

No.	Date	Check #	PV#	Description	Health Facilities	Payee	Amount US\$
				assessment	Team		
2.	August 11, 2024	177609	N/A	PMT for PBF Bonus	Rivercess County Health Team	Romeo A. Kebbeh	6,653.00
3.	8-Jul-24	126725	028-2024	Payment for netsuite & refresher training	Maryland County Health Team	Ezekiel Nimely	760.00
4.	10-Jun-24		0023	Petty Cash Replenishment	Sasstown Hospital	Tito Koah	500.00
Total							9,113.00

Risk

- 1.5.3.3 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.5.3.4 Inadequate approval of financial transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

- 1.5.3.5 Management should ensure that all payment vouchers are duly approved by the relevant authority before payments are completed.
- 1.5.3.6 The title of the preparer and approver(s) of the payment vouchers should be recorded on the face of the payment vouchers to ensure that all financial transactions are authorized by the relevant authorities and for check and balances purposes. Evidence of approved payment vouchers should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.3.7 *There was full compliance in the case of Sasstown Hospital and the Maryland CHT unlike Rivercess CHT. Please see attached copies for your review. **See Exhibit VIII: Authorized Payment Vouchers for Sasstown Hospital & Maryland CHT.***

Auditor General's Position

- 1.5.3.8 We acknowledge Management subsequent submission of approved payment vouchers for Sasstown Hospital and the Maryland CHT after our audit execution. However, we obtained no evidence of the Rivercess CHT approved payment vouchers as confirmed in Management's response. Also, Management's provision of documents after our review, does not guarantee Management effective control of document management and expenditures liquidation.

- 1.5.3.9 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that approved payment vouchers are adequately documented and filed to facilitate future review.

1.5.4 Delay in the Rehabilitation of Twelve (12) Health Facilities in the Counties

Criteria

- 1.5.4.1 Section 2.1 of the IFISH Project Implementation Manual under sub-component 1.2 requires improved functionality and physical access to healthcare by financing the rehabilitation and extension of health infrastructure at existing primary health facilities targeted at the six counties (Gbarpolu, Rivercess, Sinoe, Bomi, Grand Kru, and Maryland) and should be rehabilitated and finance the procurement and installation of basic equipment at the rehabilitated primary health facilities.

Observation

- 1.5.4.2 During the audit, we observed that US\$1,500,000 was budgeted and approved for rehabilitation work and the procurement of equipment at existing primary health facilities in Gbarpolu, Rivercess, Sinoe, Bomi, Grand Kru, and Maryland Counties as per the 2024 approved annual work plan and budget.
- 1.5.4.3 However, we observed no evidence that rehabilitation work and the procurement of equipment were carried out in the counties by the Project Management.

Risk

- 1.5.4.4 Failure of project management to ensure that services paid for are delivered in a timely manner, may lead to non-achievement of project objectives.
- 1.5.4.5 Project deliverables may not be implemented within the approved timelines. This may lead to increased overhead costs and non-achievement of project objectives.
- 1.5.4.6 Payments may be made for service not performed and value for money may be impaired.
- 1.5.4.7 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

- 1.5.4.8 Management should provide substantive justification why project deliverables cataloged in our findings above have not been implemented in line with the approved workplan and timelines.
- 1.5.4.9 Going forward, Management should develop, approve 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.

1.5.4.10 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.

1.5.4.11 Evidence of approved work plans, contracts and periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.5.4.12 *Management acknowledges the audit observations, findings, and recommendations. The delay in the rehabilitation of the twelve health facilities in six counties was primarily attributed to the timing of final decisions on procurement outcomes, which lasted beyond the estimated procurement timeline and schedule. The projection for disbursing funds against expected milestones to qualified contractors was incorrectly phased when the FY24 annual work plan and budget were developed and approved.*

1.5.4.13 *Meanwhile, the procurement processes were completed in 2025 with the award of contracts to the most responsive bidders. Implementation of the contracts is ongoing.*

Auditor General's Position

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

1.5.5 Payments made on the Same Payment Voucher Number

Criteria

1.5.5.1 Section 8.3.2 of the PFMU Financial Manual requires that, A good filing system must be maintained at PFMU and the implementation units to keep custody of the records. Therefore, the main objective of the filing system is to ensure that the accounting document are filed in logical sequence, so as to facilities retrieval, supporting financial reports and help to establish a clear audit trail and provide feedback regarding the accuracy of the financial reports. All accounting records shall be kept at the PFMU in a safe storage for audit and legal purpose. The PFMU shall maintain a register to monitor the movement of such record. Separate files will be maintained in the PFMU in respect of payment vouchers showing the following detail:

- Voucher number, (specifying rang i.e., from-to-.)
- Period (month)
- Financial year,
- Name of project/program

Observation

1.5.5.2 During the audit, we observed that payments amounting to US\$27,997.60 were made to

two (2) clients on different dates but were paid on the same voucher numbers. **See Table 11 below for details.**

Table 11: Payments made on the Same Payment Voucher Number

NO.	Payee	Date	Voucher #	Description	Amount US\$
1.	Mutual Benefits Assurance Company	Nov. 5, 2024	2024/554	Comprehensive insurance coverage premium for four unit of Toyota land cruiser jeep	12,927.83
2.	Int'l Consolidated Contractor	Dec. 19, 2024	2024/554	Operating Cost	15,069.77
Total					27,997.60

Risk

1.5.5.3 Multiple payments may be made for a single transaction leading to misappropriation of project's funds.

1.5.5.4 Effective reconciliation and review of financial transactions may be impaired.

Recommendation

1.5.5.5 Management should ensure that all payment vouchers are serially and uniquely pre-numbered, before the processing of transactions. The payment vouchers should be subsequently reviewed and authorized to ensure that the vouchers are adequately coded.

Management's Response

1.5.5.6 *This was an inadvertent error. The payment vouchers have been revised to correct the relevant duplication. **See Exhibit IX: Revised Payment Vouchers.***

Auditor General's Position

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

1.5.6 PBF Payment Vouchers not Recorded in PBF Cashbooks of Bomi and Rivercess Counties Health Teams

Criteria

1.5.6.1 Section 6.5.1 of the PFMU Financial Procedures Manual requires that all cashbook shall be reconciled monthly to the bank statements within ten working days of the month ends. Differences arising there from shall be investigated and resolve promptly.

Observation

1.5.6.2 During the audit, we observed that several transactions totaling US\$21,298 and US\$4,762.62 were raised on PBF payment vouchers but not subsequently recorded in the PBF Cashbooks of Bomi and Rivercess Counties Health Teams respectively for the fiscal year ended December 31, 2024. **See Table 12 & 13 below for details.**

Table 12: PBF payment Vouchers not Recorded in PBF Cashbook of Bomi Counties Health Teams

Date	Description	Payee name	Voucher #	Check #	Amount US\$
18-Jan-24	Payment for CHT Staff PMS orientation training	Sackie G. Livingston	27056	660164	900.00
7-Mar-24	PMT for JISS, collection of report and monitoring supervision of DHTs	K-Fair enterprise	26878	660172	3,925.00
21-Mar-24	PMT for breakfast and lunch for 21 participants	Satta spot Entertainment	26875	660180	315.00
21-Mar-24	PMT for stationery for the county health meeting	Micheal C. Michell	26876	660181	50.00
21-Mar-24	PMT for the provision of snacks for 18 team members to conduct quarterly data verification	Micheal C. Michell	26872	660177	810.00
March 21,2024	PMT for transportation reimbursement to 21 participants for the co. health board meeting	Micheal C. Michell	26874	660179	420.00
March 21,2024	PMT for stationary for the printing of data verification tools.	Micheal C. Michell	26873	660178	150.00
5-Mar-24	PMT for catering service for 64 participants	Satta spot Entertainment	26862	660165	1,536.00
5-Mar-24	PMT for 32 CHT staff overnight stay for attending the county GPRM	Micheal C. Michell	26863	660166	1,600.00
5-Mar-24	PMT for transportation reimbursement to 32 participants attending the GPRM	Micheal C. Michell	26865	660168	320.00
5-Mar-24	PMT for stationery for QPRM	Micheal C. Michell	26864	660167	100.00

*Management Letter on the Financial Statements Audit of the
Institutional Foundations to Improve Services for Health Project (IFISHP)
For the Fiscal Year January 1 2024 to December 31, 2024*

Date	Description	Payee name	Voucher #	Check #	Amount US\$
March 21,2024	Payment to conduct senjeh District Health Board meeting	J.Kerkulah S. Patrick	26870	660175	225.00
March 21,2024	Payment to conduct Dewoin District Health Board meeting	Kesselly R. Dorbor	26868	660173	225.00
March 21,2024	Payment to conduct Klay District Health Board meeting	Kowah T. Flomo	26871	660176	225.00
19-Apr-24	Payment for 27 supervisor's transportation reimbursement	Titus T. Tambah	26884	660186	270.00
26-Mar-24	For pharmaceutical framework agreement	Thomas Young, Jr.	26879	660182	100.00
8-Apr-24	Payment for 4 cartons of sheet	Michael Mitchell	26881	660184	100.00
8-Apr-24	Payment of one router	Vannie S. Peters	26880	660183	310.00
21-May-24	For the report and maintenance of CHT Vehicle	OBI Standard Auto	27057	660187	750.00
12-Jun-24	Payment for CHT Stationery	O. D. Business Center	26707	660189	600.00
21-May-24	Payment for JISS Fuel	CONEX	27058	660188	500.00
March 5,2024	PMT for staff performance Appraisal training at county level.	Sackie G. Livingston	26866	660170	1,470.00
March 21,2024	Payment to conduct Klay District Health Board meeting	Zlvannah W. Johnson	26869	660174	225.00
July 2,2024	PMT for generator spare part for CHT office	Obi standard Auto Service	26709	660191	200.00
July 2,2024	PMT for pressure plate, release bearing and master cyciuda	Obi standard Auto Service	26708	660190	370.00

Date	Description	Payee name	Voucher #	Check #	Amount US\$
20-Aug-24	PMT for quarter 3 2024 fuel and gas for PBF thumb card	Connex Liberia, Inc.	00007-2024	660196	1,990.00
18-Apr-24	Payment of PBF bonus for Q2	Titus T. Tambah	26883	660185	3,612.00
Total					21,298.00

Table 13: PBF Vouchers not Recorded in PBF Cashbook of Rivercess County Health Team (RCHT)

Date	Description	Payee name	Voucher #	Check #	Amount US\$
Nov 20,2024	PMT PBF Bouns Q1	Sam Kpah	00024-2024	177623	4,762.62
Total					4,762.62

Risk

1.5.6.3 The completeness and accuracy of the PBF expenditures may not be assured; therefore, the financial statements may be misstated. A misstated financial report may facilitate fraudulent financial reporting and mislead the users of the financial statements.

1.5.6.4 Management may not account for all its transactions.

Recommendation

1.5.6.5 Going forward, Management should liaise with the relevant authority at the beneficiary health facilities to facilitate routine training of data entry and preparation of financial statements for junior staff. This will ensure that financial statements prepared are reflective of the comprehensive and approved financial activities of the beneficiary health facilities.

1.5.6.6 Management should also liaise with the relevant authority at the beneficiary health facilities to facilitate periodic reconciliation among the PBF payment vouchers, bank statements, cashbook and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

1.5.6.7 Financial statements should be prepared, reviewed and approved by individuals with the relevant qualification, experience and seniority.

Management's Response

1.5.6.8 *During the period under review, the two CHTs did not have accountants in place for different reasons. Therefore, staff who proxied for the accountants did not have rights to enter transactions in the NetSuite's (accounting package). The issues have been resolved. All transactions for 2025 are now captured in NetSuite's, with cashbooks updated.*

Auditor General's Position

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

1.5.7 Non-Solicitation of Three Quotations

Criteria

- 1.5.7.1 Section 54(1) of the PPC Act of 2005 as amended and restated 2010 states, "quotations shall be requested in writing from many bidders as practicable, but from at least three (3) bidders."

Observation

- 1.5.7.2 During the audit, we observed that the Management of the below Counties Health Facilities did not obtain three quotations, as required by Section 54(1) of the PPC Act of 2005 as amended and restated 2010 (Request for Quotations), in procuring goods and services totaling US\$5,609.00. **See Table 14 below.**

Table 14: Non-Solicitation of Three Quotations

Date	Payee	Description	Health Facilities		Amount US\$
Sept 17,2024	PMT for spare part	A.M.E Auto parts	Rivercess County Health Team	00011-2024	870.00
26-Nov-24	Lucky Dev. Corp. Pharmacy	Medical Supply	J.J. Dossen Hospital	00010-2024	900.00
9-Jan-24	Lucky Dev. Corp. Pharmacy	Medical Supply	J.J. Dossen Hospital	00008-2024	1,875.00
May 6,2024	PMT for assorted stationery	Lion stationery	Rally Time Hospital	777826	1,054.00
9-Jan-24	Jamil M. Scaff Store	Assorted cleaning materials & stationery	Sass Town Hospital	008	910.00
Total					5,609.00

Risk

- 1.5.7.3 Management may be noncompliant with Section 54(1) of the PPC Act of 2005 as amended and restated 2010.
- 1.5.7.4 Failure to solicit the required number of quotations may impair the achievement of value for money, project deliverables and objectives.

Recommendation

- 1.5.7.5 Going forward, Management should facilitate full compliance with the PPC Act of 2005 as amended and restated 2010 to ensure value for money is achieved during the execution of all procurement activities. The required three (3) quotations should be solicited and obtained for all transactions within the threshold of US\$10,000 and below as required.

Management's Response

- 1.5.7.6 *The transaction that involves Rally Time Hospital was done with the solicitation of three quotes. **Please see attached copies for your review.***
- 1.5.7.7 *Some of the transactions took place because of constraining factors such as the need for drugs and medical supplies being readily available.*
- 1.5.7.8 *Lucky Pharmacy is the only approved pharmacy by the Liberia Medicines & Health Products Regulatory Authority (LMHRA) that currently operates in Maryland County.*
- 1.5.7.9 *Going forward, corrective actions will be taken. For example, there are ongoing framework contracts for the procurement of drugs and medical supplies for hospitals implementing PBF. **See Exhibit X – Copies of Three Quotations Solicited.***

Auditor General's Position

- 1.5.7.10 We acknowledge Management subsequent submission of three quotations for the Rally Time Hospital transactions after our audit execution. However, we obtained no evidence of the required three quotations for the remaining transactions as confirmed in Management's response. Also, Management's provision of documents after our review, does not guarantee Management effective control of document management and expenditures liquidation.
- 1.5.7.11 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Therefore, we maintain our recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.6 Fixed Assets Management

1.6.1 Irregularities Associated with the Management of the Project Assets

Criteria

- 1.6.1.1 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.
- 1.6.1.2 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

1.6.1.3 During the audit, we observed the following irregularities associated with the project’s assets management system at the 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 movement of Assets Log;
- the cost and date of purchase was not indicated on the Redemption Hospital Assets Schedule;
- fixed assets within a given vicinity were not displayed as required by the PFM Act;
- there was no evidence of assets schedule acquired under the IFISH Project from the Rivercess County Health Team;
- there was no evidence of assets schedule acquired under the IFISH Project from the Bomi County Health Team; and
- the serial number recorded in the assets schedule did not match with some Honda bikes assigned to Gbarpolu County. **See Table 15, 16, 17 and 18 below for details**

Table 15: Serial numbers indicated in assets schedule did not match with serial number recorded on the bikes in Gbarpolu County

Assets Types	Assets Code	Serial Number recorded in assets register	Serial Number indicated on bikes
Honda -XR150 Bike	FAM008124	LTMKD1198P5118492	LTMKD1196P5118491
Honda -XR150 Bike	FAM008114	LTMKD1193P5118576	LTMKD1190P5118504
Honda -XR150 Bike	FAM008127	LTMKD1196P5118491	LTMKD1198P5118492
Honda -XR150 Bike	FAM008131	LTMKD1190P5118499	LTMKD1197P5118533
Honda -XR150 Bike	FAM008164	LTMKD1190P5118521	LTMKD1199P5118484

Table: 16: Assets Under the PBF Program without Cost and date of purchased from Redemption Hospital in Montserrado County

#	Asset	Asset Description	Assigned Code	Cost	Date of purchased
1	Bed	Hospital bed	RDH-11-Peds-ME-000648	No cost	No date of purchase
2	Bed	Hospital bed	RDH-11-Peds-ME-000649	No cost	No date of purchase
3	Bed	Hospital bed	RDH-11-Peds-ME-000650	No cost	No date of purchase
4	Bed	Hospital bed	RDH-11-Peds-ME-000651	No cost	No date of purchase
5	Bed	Hospital bed	RDH-11-Peds-ME-000652	No cost	No date of purchase
6	Bed	Hospital bed	RDH-11-Peds-ME-000653	No cost	No date of purchase
7	Bed	Hospital bed	RDH-11-Peds-ME-000658	No cost	No date of purchase
8	Bed	Hospital bed	RDH-11-Peds-ME-000659	No cost	No date of purchase
9	Bed	Hospital bed	RDH-11-Peds-ME-000660	No cost	No date of purchase
10	Bed	Hospital bed	RDH-11-Peds-ME-000661	No cost	No date of purchase
11	Bed	Hospital bed	RDH-11-Peds-ME-000662	No cost	No date of purchase

Table-17: No evidence of assets schedule maintained by the Rivercess County Health Team for the assets provided to the CHT under the IFISH Project

Asset Type	Qty.	Asset Description	Assets Cost US\$	Status	Comments
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Motorbike	1	Honda XR150	3,650.00	New	No evidence of assets schedule from the RCHT
Vehicle	1	Land Cruiser	49,875.00	New	No evidence of assets schedule from the RCHT
Total			79,075.00		

Table-18: No evidence of assets schedule maintained by the Bomi County Health Team for the assets provided to the CHT under the IFISH Project

Assets Type	QTY	Asset Description	Assets Cost US\$	Status	Comments
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Motorbike	1	Honda XR150	3,650	NEW	No evidence of assets schedule from the BCHT
Vehicle	1	HZ176	49,875	NEW	No evidence of assets schedule from the BCHT
Vehicle	1	PICK UP	48,900	NEW	No evidence of assets schedule from the BCHT
Total			127,975		

Risk

- 1.6.1.4 Fixed Assets Register may be misstated (Over/understated).
- 1.6.1.5 Assets may be damaged or impaired but their values are still on the books.
- 1.6.1.6 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.6.1.7 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.

- 1.6.1.8 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.

Recommendation

- 1.6.1.9 Going forward, Management should liaise with the relevant authorities at all county health facilities to develop and maintain individual fixed assets register containing all fixed assets within the domain. The fixed assets register for all county health facilities should be consolidated and maintained by the Project.
- 1.6.1.10 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.
- 1.6.1.11 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.
- 1.6.1.12 The Fixed Assets Register should be updated periodically to reflect all the project's assets.
- 1.6.1.13 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.
- 1.6.1.14 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.6.1.15 A Movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.

Management's Response

- 1.6.1.16 *The audit observation is noted. All assets procured at the central MOH through the project are captured in the project's fixed assets register. Assets procured by health facilities as a result of PBF earnings or through PBF start-up financing should typically be captured in the facilities' (hospitals, county health teams) fixed assets registers. Often, this has proved to be challenging over time.*
- 1.6.1.17 *Management will ensure that the recommendation is complied with. The PIU will share a template for the assets register with the relevant health facilities and ensure that the register is populated with details of all assets procured with project funds, which will be shared with the PIU for consolidation.*

- 1.6.1.18 *In the case of Redemption Hospital in Montserrado County, the PIU will liaise with the relevant authority to gather cost information for beds purchased with funds from PBF earnings, which will then be incorporated into the update for the facility's fixed asset register.*
- 1.6.1.19 *A fixed asset verification exercise will be conducted this fiscal year, comprising staff from the PFMU, PIU, OFM, and the Internal Audit Unit at the MOH. The goal is to reflect the project's assets by accurately documenting and filing the records to facilitate future review.*

Auditor General's Position

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

2 STATUS OF PRIOR YEAR RECOMMENDATIONS (IFISH December 31, 2023)

Auditee: IFISH		Implementation Level of Prior Year Audit Recommendations			
Paragraph #	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee	Work Done
1.1.1	Unremitted taxes to the Liberia Revenue Authority (LRA)	IFISH Project Management	Management should provide substantive justification for not remitting withholding taxes to the LRA.	Unresolved	Internal Auditors at the PFMU informed the GAC Team that they are still working with the LRA to resolve the tax payment issues.
1.1.8	Non – submission of Monthly Bank Reconciliation by Rivercess CHT	IFISH Project Management	Management should ensure that monthly bank reconciliation statements are prepared for each account established by the project. The bank reconciliation statements should indicate the name and title of the preparer and reviewer, as well as the date of preparation and review.	Unresolved	We visited the Rivercess County Health Team and observed that the same issue was repeated
1.1.10	Delay in project implementation	IFISH Project Management	Management should ensure that deliverables are implemented in line with the project workplan. Management should facilitate adequate coordination, monitoring, and evaluation of project activities to ensure project deliverables are implemented in a timely manner.	Unresolved	We review the project budget and annual work plan and observed delay in the implementation of the project activities
1.1.11	Delayed incentive payments – PBF	IFISH Project Management	Management should provide substantive justification why the payments of the PBF Incentives to health facilities were delayed for the period under audit.	Unresolved	We review the project budget and annual work plan and observed delay in the payment of the project incentive payments

Management Letter on the Financial Statements Audit of the
Institutional Foundations to Improve Services for Health Project (IFISHP)
For the Fiscal Year January 1 2024 to December 31, 2024

Implementation Level of Prior Year Audit Recommendations				
Auditee: IFISH	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee
Paragraph #				Work Done
1.1.1.12	Unapproved Business Plan at PBF Hospitals and Health Facilities	IFISH Project Management	Management should ensure timely payments of PBF incentives to expedite the achievement of the project objectives. Management should facilitate the timely approval of the draft business plan to ensure effective operations of health – related projects. The approved business plan should be adequately documented and filed to facilitate future review.	Unresolved We Visited the hospital and observed the same issue repeated.
1.1.1.15	Delay incentive payments – Community Health Service Division (CHSD)	IFISH Project Management	Management should provide substantive justification why the payments of the CHS Incentives to health facilities were delayed for the period under audit. Management should ensure timely payments of CHS incentives to expedite the achievement of the project objectives.	Unresolved We review the project document and ledger and observed delay in the payment of community Health Services Incentives.