



Management Letter

On The Financial Statement Audit of the Fixed Amount Reimbursement Agreement (FARA) of the Ministry of Health

For the Period ended December 31, 2021



Promoting Accountability of Public Resources

Monrovia, Liberia
November 2024

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

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/ Symbol	Meaning
CHT	County Health Team
COSO	Committee of Sponsoring Organizations of the Treadway Commission
FARA	Fixed Amount Reimbursement Agreement
GOL	Government of Liberia
MFDP	Ministry of Finance and Development Planning
MOH	Ministry of Health
MOU	Memorandum of Understanding
PPCC	Public Procurement Concession Commission
TTM	Trained Traditional Midwife
TOR	Term of Reference
USAID	United States Agency for International Development



Republic of Liberia

November 27, 2024

Dr. Louise Mapleh Kpoto

Minister

Ministry of Health

Republic of Liberia

Dear Dr. Kpoto:

Re: Management Letter on the Audit of the Fixed Amount Reimbursement Agreement (FARA) for the six months ended December 31, 2021.

The audit of the financial statements of the MOH Fixed Amount Reimbursement Agreement (FARA) for the six months ended December 31, 2021 was commissioned by the Auditor-General (AG) under the AG's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

Introduction

The Audit of FARA for the fiscal six months ended December 31, 2021 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

Audit Scope and Methodology

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) as well as the USAID Financial Audit Guide for Foreign Operations. These standards and guidelines 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.

The 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.

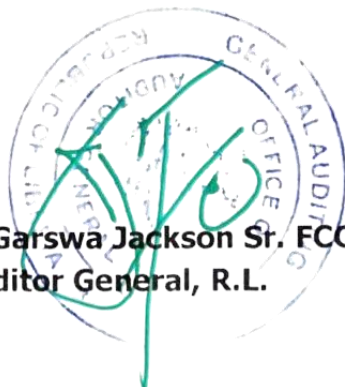
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

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

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

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the FARA during the audit.


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

Monrovia, Liberia

November 2024

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.2 Nimba County Health Team

1.2.1 Inventory Management Non-Medical Supplies Irregularities

Criteria

- 1.2.1.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."
- 1.2.1.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."
- 1.2.1.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

- 1.2.1.4 During the audit, we observed that sample of stored non-medical inventory amounting to US\$19,783.00 at the Nimba County Health Team had no evidence of three or more authorised personnel signing goods received notes. **See table 1 below.**

Table 1: Inventory Management Non-Medical Supplies Irregularities

Voucher No.	Date	Description	Cost USD
NCHT-PV-00168-2021	12/22/2021	Disbursement of funds for stationery	9,959.00
NCHT-PV-00185-2021	12/22/2021	Disbursement of funds for cleaning materials	9,824.75
Total			19,783.75

- 1.2.1.5 Also, we observed that some items listed in the sample voucher above inventory balance could not be confirmed due to inaccurate updates to the bin cards in the stored room.
- 1.2.1.6 Furthermore, we observed that Management did not operate an automated inventory management system and periodic stock take of inventory was not initiated.

Cause

- 1.2.1.7 Management failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.2.1.8 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.2.1.9 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.2.1.10 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods received notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.2.1.11 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level and etc.
- 1.2.1.12 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.
- 1.2.1.13 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.2.1.14 *We acknowledge the audit recommendations. The MOH will consider revision to include above mentioned staff for the system improvement.*

Auditor General's Position

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

1.2.2 Third-Party Payments

Criteria

- 1.2.2.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.2.2.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:
- a) Total payments made by such third parties; and
 - b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operation".

Condition

- 1.2.2.3 During the audit, we observed that transactions amounting to US\$46,045.00 were paid to various individuals for onward distributions. **See table 2 below.**

Table 2: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
9/8/2021	Check	FELTON M GWEH	NCHT-PV-00067-2021	1449540	Payment of DSA to conduct County level JISS in Fifty Seven (57) Health facilities in Nimba Quarter One July to September 2021 for the FARA year five extension.	7,640.00
12/22/2021	Check	FELTON M GWEH	NCHT-PV-00160-2021	1524034	Payment of DSA for 2 National facilitators, 2 county level facilitators, and 67 participants who participated in the three days integrated Malaria case management and malaria in pregnancy training for FARA extension	7,230.00
12/22/2021	Check	FELTON M GWEH	NCHT-PV-00166-2021	1524038	Payment of DSA for service provider, mobilizers, monitors for October to December 2021 District contraceptive day	5,945.00

*Management Letter on the Financial Statement Audit of the
Fixed Amount Reimbursement Agreement (FARA) Ministry of Health
For the Six Months ended December 31, 2021*

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
					campaign	
12/3/2021	Check	FELTON M GWEH	NCHT-PV-00146-2021	1524026	Payment for county, District, and facility staff FEEDING , who are participating in the review meeting for quarter July to September 2021.	3,510.00
7/16/2021	Check	FELTON M GWEH	NCHT-PV-00025-2021	1449532	Payment of DSA for district and county level participant for performance review meeting.	3,320.00
9/24/2021	Check	FELTON M GWEH	NCHT-PV-00083-2021	1449550	Payment of district support for JISS Data Validation for all FARA supported facilities for FARA extension July September 2021	3,045.00
7/16/2021	Check	FELTON M GWEH	NCHT-PV-00022-2021	1449529	Payment of DSA for county level Data validation for for April i June 2021, which was conducted in 25 health facilities	3,000.00
12/30/2021	Check	FELTON M GWEH	NCHT-PV-00213-2021	1524972	Payment of DSA for Data validation for county level staff for FARA extension from october to December 2021	3,000.00
12/3/2021	Check	FELTON M GWEH	NCHT-PV-00144-2021	1524024	DSA payment for District and Facility level staff for participating in the Quarter three DATA review meeting (July to Sept. 2021).D	2,680.00
12/22/2021	Check	FELTON M GWEH	NCHT-PV-00159-2021	1524033	Payment of Transportation reimbursement for 75 participants that participated in a three days malaria case management and malaria in pregnancy training for FARA extension	1,875.00
12/22/2021	Check	Paul O Zwuogbae	NCHT-PV-00164-2021	1524036	Payment of district support for FARA year 5 extension from October to	1,800.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
					December 2021 for coordination meeting	
10/1/2021	Check	Paul O Zwuogbae	NCHT-PV-00089-2021	1524004	Payment for District coordination meeting support for DHT under FARA year Extension July - September 2021	1,800.00
12/22/2021	Check	FELTON M GWEH	NCHT-PV-00202-2021	1524961	Payment of DSA for 2 national facilitators, 2 county level facilitators a one national driver for EPI Immunization in practice Training for 3 days for October to December 2021	1,200.00
Total						46,045.00

Cause

- 1.2.2.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.2.2.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.2.2.6 Third party payments may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.2.2.7 Management should ensure that all payments for goods and services procured by the project should be made directly in the name of the vendor or its legally authorised representatives.
- 1.2.2.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.2.2.9 *We acknowledge this audit finding for the period under review, we have put in place a direct mobile money payment to all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.2.3 Purchase made without a Contract

Criteria

- 1.2.3.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.2.3.2 During the audit, we observed that Management did not ensure that procurement was carried out by the centralized procurement unit at MOH and contract awarded before approving funds for the NCHT for implementation of the project. The below vendors for which purchases were made were contracted vendors of the prior year and we observed no evidence of a new framework agreement in place for the closing six months of the project. **See table 3 below.**

Table 3: Procuring from a Non-Contracted Vendor

No.	Vendor Name
1	Jungle Water group of Investment
2	John Aba Garage
	G2-PHARMACY
3	Bio-medical Link

Cause

- 1.2.3.3 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before submitting funds resulted in the situation above.

Risk

- 1.2.3.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.2.3.5 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.2.3.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.2.3.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.

1.2.3.8 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before submitting funds.

1.2.3.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

1.2.3.10 *We acknowledge the finding and recommendation. We have attached all necessary supporting documents to justify the legitimacy of the transactions. Please find attached for your review and subsequent consideration.*

Auditor General's Position

1.2.3.11 We acknowledge Managements subsequent submission of documents after our audit execution and acknowledgement of our finding and recommendations. However, contracts submitted for Jungle Water and G-2 Pharmacy were not approved. Contract for Biomedical Link although seen as approved was entered into November 10, 2021, four months into the six months audited period. Bid documents as evidence of procurement proceedings for the awarding of the Biomedical Link contract was also not subsequently submitted. Contract for John Aba Garage was again not subsequently submitted. Therefore, we maintain our finding and recommendations.

1.2.3.12 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.2.4 Fuel, Gas and Communication Cards Discrepancies

Criteria

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

Condition

1.2.4.2 During the audit, we performed a reconciliation between quantity procured to quantity subsequently distributed for fuel and communications cards and observed variances amounting to US\$8,873.00 and US\$1,660.00 respectively, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 4a & 4b below.**

Table 4A: Fuel, Gas and Communication Cards Discrepancies

Period	Qty received per delivery note in (Gallons) A	Qty distributed as per store room release in (Gallons) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
10/20/2021	2,085	1,050	1,035	3.80	3,933.00
10/20/2021	2,480.00	2,280.00	200	3.80	760.00
10/20/2021	2,600	1,500	1,100	3.80	4,180.00
10/20/2021	2,500	2,500	-	3.80	0.00
10/20/2021	2,620	2,620	-	3.80	0.00
10/20/2021	2,630	2,630	-	3.8	0.00
Total	14,915	12,580	2,335		8,873.00

Table 4B: Analysis of variance in Communication Cards distribution

Period	Qty received per delivery note in (Pieces) A	Qty distributed as per store room release in (Pieces) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
12/9/2021	1,332.00	1,332.00	-	5	-
12/9/2021	1,332.00	1000	332	5	1,660.00
Total	2,664	2,332	332		1,660.00

Cause

- 1.2.4.3 Management failure to carry forward and/or account for unused fuel and communication cards procured resulted into the condition above.

Risk

- 1.2.4.4 In the absence of a report on the unexplained variance of fuel and communication cards, the authenticity of the fuel consumption and communication cards usage may not be assured.
- 1.2.4.5 Failure to maintain adequate records and fully account for unused petroleum products and communication cards procured and distributed may lead to misappropriation of the entity's fuel and communication cards.

Recommendation

- 1.2.4.6 Management should develop, approve and operationalize petroleum products and communication cards consumption policy to regulate the procurement, storage, distribution and reporting of fuel and communication cards.
- 1.2.4.7 Management should maintain petroleum products and communication cards consumption and distribution logs to aid the entity manage cost and inform future purchase.

- 1.2.4.8 Management should perform periodic reconciliation between the fuel and communication cards procured and distributed. Differences observed should be adequately documented and carried forward.

Management's Response

- 1.2.4.9 *The MOH management has reviewed and attached all distribution reports that tied in with the fuel and scratch cards procured during the period under review, for your reconsideration.*

Auditor General's Position

- 1.2.4.10 We acknowledge Management subsequent submission of documents after our audit execution. However, document on fuel request form for distribution of fuel and gas is not adequate. Spread sheet summary showing beginning balances, purchase in, summary of total distributed per month from all request form and ending balance was not submitted to enable a recalculation of the inventory balance. A first-in-first-out method of distribution should be use due to the constant variations in fuel and gas prices. Also, similar observation is being noted with the subsequent submission of documents on scratch cards. Therefore, we maintain our findings and recommendations.
- 1.2.4.11 Also, Management provision of documents after our review, does not guarantee Management effective control of document management and expenditure liquidation. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.3 Grand Gedeh County Health Team

1.3.1 Procurement Irregularities

Criteria

- 1.3.1.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.3.1.2 During the audit, we observed that the centralized procurement unit at the MOH did not ensure that addendum to the procurement plan was communicated to the PPCC and approved before beginning procurement proceedings and awarding contract. **See table 5 below.**

Table 5: Procurement Irregularities

Vendor Name	Contract Amount US\$	Actual Amount Spent US\$
Abby Enterprise	8,950.00	1,451.00
FYAM Liberia	7,893.00	1,500.00
Total	16,843.00	2,951.00

- 1.3.1.3 Also, procurement documents for a contract awarded to AB Auto Parts, for vehicle spare parts, was not made available for review of the bidding and awarding processes. Furthermore, the total amount of US\$23,520.00 spent during the year exceeded the contract amount of US\$22,497.00 for vehicles spare parts.

Cause

- 1.3.1.4 Failure to ensure that procurement processes are undertaken including the submission of addendum procurement plan to PPCC for approval, completion and authorization of vendors' contract and full compliance to contract terms and conditions resulted in the situation above.

Risk

- 1.3.1.5 Awarding contracts without approval of addendum procurement plan by PPCC may facilitate non-compliance to the PPC Act and impair value for money.
- 1.3.1.6 Spending above approved contracts amounts may lead to misappropriation of Project funds.
- 1.3.1.7 Non-compliance with contracts terms and conditions may lead to hike in price and the quality and required specification of goods and services delivered may be impaired.

Recommendation

- 1.3.1.8 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.3.1.9 Management should ensure that all addendum to the procurement plan are subsequently approved by the PPCC before initiating procurement proceedings.
- 1.3.1.10 Management should facilitate strict adherence to approved contracts terms and conditions to ensure value for money is achieved. All addendum to contract should be authorised by the relevant authorities. Evidence of approved contracts and approval to addendum should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.1.11 *The bid document and approved contracts for Abby Enterprise and FYAM Liberia are available for review. Please find attached.*

1.3.1.12 Even though this fiscal year lasted for six months, it was considered a complete fiscal year by the government. The Procurement plan did not require addendum.

Auditor General's Position

1.3.1.13 Management did not subsequently provide documents as asserted in Management's response. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 Third Party Payments

Criteria

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

1.3.2.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:

- a) Total payments made by such third parties; and
- b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operation".

Condition

1.3.2.3 During the audit, we observed that transactions amounting to US\$3,090.00 were paid to various individuals for onward distribution. **See table 6 below.**

Table 6: Third Party Payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
10/12/2021	Check	Ruth B Marley	GGCHT-PV-00093-2021	452759	DSA payment for 18 Social Mobilizers, 72 service providers and 4 supervisors for district Contraceptive , Quarter FARA year 5 extension	2,790.00
12/15/2021	Check	Victor Gee	GGCHT-PV-00149-2021	452797	DSA payment for 6 DHOs who participated in the County Quarterly performance	300.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
					Review Meeting	
Total						3,090.00

Cause

- 1.3.2.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.3.2.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.3.2.6 Third party payment may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.3.2.7 Management should ensure that all payments for goods and services procured by the project should be made directly in the name of the vendor or its legally authorised representatives.
- 1.3.2.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.3.2.9 *We acknowledge this audit finding for the period under review. The MOH has put in place a direct mobile money payment to all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.4 Bong County Health Team

1.4.1 Inventory Management Medical and Non-Medical Irregularities

Criteria

- 1.4.1.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."
- 1.4.1.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated in 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."

1.4.1.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

1.4.1.4 During the audit, we observed the following discrepancies from a sample of medical and non-medical supplies totalling US\$32,930:

- GRN not available for non-medical supplies for voucher #BCHT-PV-00069-2021
- Delivery note is available but not signed by warehouse supervisor, logistics officer, and compliance officer for non-medical supplies on voucher #BCHT-PV-00069-2021
- No evidence of GRN or delivery note. Inspection of stock cards showed that goods received were not recorded in the inventory record on voucher #BCHT-PV-00022-2021 for non-medical supplies
- GRN and delivery note available but no evidence of signature from the warehouse supervisor, logistics and compliance officers. No evidence of goods being updated in the inventory records as stock cards not available for medical supplies voucher # BCHT-PV-00175-2021 and BCHT-PV-00176-2021
- No evidence of supply of inventory as storeroom requisition forms were not available for medical supplies and non-medical supplies
- For some items of non-medical inventory, we could not confirm the accuracy of the inventory closing balances. Inspection of the stock cards showed that some items were not recorded in the inventory records
- Medical inventory balance accuracy could not be confirmed as stock cards were not available. **See table 8 below.**

Table 8: Inventory Management Medical and Non-Medical Irregularities

Voucher No.	Date	Description	Amount US\$
BCHT-PV-00175-2021	12/29/2021	Purchase of medical consumables	7,635.00
N/A	12/29/2022	Purchase of medical consumables	8,940.00
BCHT-PV-00069-2021	2/9/2021	purchase of stationery and supplies	7,995.00
BCHT-PV-00022-2021	7/7/2021	purchase of stationery and supplies	8,360.00
Total			32,930.00

Cause

- 1.4.1.5 Management failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.4.1.6 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.4.1.7 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.4.1.8 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods received notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.4.1.9 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level and etc.
- 1.4.1.10 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.
- 1.4.1.11 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.4.1.12 *The documents were misplaced during the time of audit due to the relocation from the mini warehouse to a larger one. However, after vigorous check, the documents were recovered and are available for review.*

Auditor General's Position

- 1.4.1.13 We acknowledge Management subsequent submission of documents after our audit execution. However, due to the submission of documents after our audit execution, we were unable to validate the completeness and accuracy of the stock records against the existing inventory. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

- 1.4.1.14 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.4.2 Purchases without Evidence of a Procurement Proceedings

Criteria

- 1.4.2.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act

Condition

- 1.4.2.2 During the audit, we were unable to review bid documents to determine how contracts were awarded to vendors. The following are vendors for which procurement of goods and services were procured without evidence of procurement proceedings (bidding process) performed before making these procurements. **See table 9 below.**

Table 9: Purchases without Evidence of a Procurement Proceedings

Vendor Name	Actual Amount Spent US\$
Abby Enterprise	9,280.00
Alkru Printing Enterprise	28,240.00
G2-Pharmacy	16,575.00
Genesis Trading center	5,080.00
Iron Gate Enterprises Inc	27,439.93
Iron Gate fuel station	1,061.48
Jammie Kerkula	7,075.73
Mat Enterprise Inc	15,414.00
Obi Standard Auto Services	12,300.00
Grand Total	122,466.14

Cause

- 1.4.2.3 Failure to ensure that procurement processes are undertaken including the completion and authorization of bidding documents and vendors' contract before submitting funds resulted in the situation above.

Risk

- 1.4.2.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.4.2.5 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.

- 1.4.2.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.4.2.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.4.2.8 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before submitting funds.
- 1.4.2.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.2.10 *The MOH management acknowledges your findings. The procurement processes (BID DOCS) were carried out at Central Ministry of Health where the documents were stored. We have recovered the documents, and they are available for review.*

Auditor General's Position

- 1.4.2.11 We acknowledge Management subsequent submission of some procurement related documentation after our audit execution. However, the document subsequently submitted did not include bid documents for the above vendors' contract listed. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.4.2.12 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.4.3 Fuel, Gas and Communication Cards Discrepancies

Criteria

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

Condition

- 1.4.3.2 During the audit, we performed a reconciliation between quantity procured to quantity subsequently distributed for fuel and communications cards and observed variances amounting to US\$9,556.00 and US\$3,000.00 respectively, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 10a & 10b below.**

Table 10A: Fuel and Gas Discrepancies

Period	Qty received per delivery note in (Gallons) A	Qty distributed as per store room release in (Gallons) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
7/5/2021	1,248	1,074	174	5.00	870.00
Jul-21	1,400	1,263	137	5.00	685.00
Jul-21	1,000	1,000	-	5.00	0.00
Jun-21	1,952	1,952	-	5.00	0.00
Oct-21	2,000	2,000	-	4.70	0.00
Sep-21	3,571	2,831	740	4.76	3,522.40
Sep-21	1,786	1,786	-	4.76	-
Nov-21	2,000	2,000	-	4.70	-
Dec-21	1,950	830	1,120	4	4,480.00
Dec-21	-	0	-	4.00	0.00
Dec-21	925	925	-	4.00	0.00
Total	17,832	15,661	2,171		9,556

Table 10B: Communication Cards distribution

Period	Qty received per delivery note in (Pieces) A	Qty distributed as per store room release in (Pieces) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
11/1/2021	2,000.00	2,000.00	-	5	0
Jul-21	1,100.00	800.00	300.00	5	1,500.00
Jul-21	900.00	600.00	300.00	5	1,500.00
Aug-21	2,000.00	2,000.00	-	5	0
Total	6,000	5,400	600		3,000.00

Cause

- 1.4.3.3 Management failure to carry forward and/or account for unused fuel and communication cards procured resulted into the condition above.

Risk

- 1.4.3.4 In the absence of a report on the unexplained variance of fuel and communication cards, the authenticity of the fuel consumption and communication cards usage may not be assured.
- 1.4.3.5 Failure to maintain adequate records and fully account for unused petroleum products and communication cards procured and distributed may lead to misappropriation of the entity fuel and communication cards.

Recommendation

- 1.4.3.6 Management should develop, approve and operationalize petroleum products and communication cards consumption policy to regulate the procurement, storage, distribution and reporting of fuel and communication cards.
- 1.4.3.7 Management should maintain petroleum products and communication cards consumption and distribution logs to aid the entity manage cost and inform future purchase.
- 1.4.3.8 Management should perform a periodic reconciliation between the fuel and communications cards procured and distributed. Differences observed should be adequately documented and carry forward.

Management's Response:

- 1.4.3.9 *In response to Table 10A, Management acknowledges that there were misplaced slips at the time of the audit due to the moving of documents during the internal audit reviewed. However, after a thorough search, management was able to locate them, and they are currently available for review.*
- 1.4.3.10 *In response to Table 10B, the utilization log/distribution log for the highlighted variances were located after the audit and are available for review.*

Auditor General's Position

- 1.4.3.11 We acknowledge Management subsequent submission of documents after our audit execution. However, documentation provided for communication cards does not account for the amount of the variance noted. Also, documentation on fuel provided does not adequately address the findings (variance) raised. Therefore, we maintain our finding and recommendations.
- 1.4.3.12 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.5 Lofa County Health Team

1.5.1 Inventory Management Non-Medical Supplies Irregularities

Criteria

- 1.5.1.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."
- 1.5.1.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated in 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."
- 1.5.1.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

- 1.5.1.4 During the audit, we observed the following discrepancies from a sample of medical and non-medical supplies totalling **US\$16,276.50**:
- GRN not available for medical supplies
 - Delivery notes available but not properly signed by warehouse supervisor, logistics officer, and compliance officer for medical supplies
 - GRN available but format not consistent with the usual system generated format for non-medical supplies
 - No evidence of signature from the logistics officer, compliance officer and warehouse supervisor for non-medical supplies
 - Inspection of stock cards showed that goods received were not updated in the inventory records for non-medical supplies
 - Non-medical supplies could not be verified as supplied or updated in the inventory records as they were not updated to the stock cards and requisition forms were not available. **See table 11 below.**

Table 11: Inventory Management Non-Medical Supplies

Voucher No.	Date	Description	Amount US\$
LCHT-PV-00033-2021	2/7/2021	purchase of Drugs and medical supplies	8,820.00
LCHT-PV-00038-2021	3/7/2021	purchase of Drugs and medical supplies	5,700.00
Total			14,520.00

Cause

- 1.5.1.5 Management failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.5.1.6 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.5.1.7 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.5.1.8 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods received notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.5.1.9 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level and etc.
- 1.5.1.10 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.
- 1.5.1.11 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.5.1.12 *Management notes your findings and recommendation. However, we hereby resubmit the goods received note for your viewing.*

Auditor General's Position

- 1.5.1.13 We acknowledge Management subsequent submission of some requested documents after our audit execution. However, Management did not provide delivery notes and stock cards of items purchased by Lofa County Health Team. In the absence of these documentations, we were unable to validate the completeness and accuracy of the records against the existing stock balances. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.5.1.14 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.5.2 Purchases made without Contract

Criteria

- 1.5.2.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.5.2.2 During the audit, we observed that the centralized procurement unit at the MOH did not ensure that procurement activities were conducted for vehicle and motorbikes spare parts planned for US\$69,231.00 resulting in the LCHT purchasing from several uncontracted vendors. **See table 12 below.**

Table 12: Procurement Irregularities

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
12/19/2021	Bill Payment	Unessah Jalloh Business Center	LCHT-PV-00169-2021	1317975	SPARE PARTS FOR MOTORBIKES	9,170.00
7/2/2021	Bill Payment	Jadik Investment Auto Parts Supply	LCHT-PV-00021-2021	1316233	SPARE PARTS FOR YAMAHA MOTOR BIKES	8,200.00
7/2/2021	Bill Payment	Jadik Investment Auto Parts Supply	LCHT-PV-00024-2021	1316236	SPARE PARTS FOR HONDA MOTOR BIKES	3,771.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
Total						21,141.00

- 1.5.2.3 Also, we observed that evaluation reports were not signed by the evaluation panel for contracts awarded to Biomedical Link and Bunty Pharmaceuticals.

Cause

- 1.5.2.4 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before submitting funds resulted in the situation above.

Risk

- 1.5.2.5 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.5.2.6 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.5.2.7 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.5.2.8 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.5.2.9 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before submitting funds.
- 1.5.2.10 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.2.11 *Attached are the contract for the transactions carried out by the LCHT for review.*

Auditor General's Position

- 1.5.2.12 We acknowledge Management subsequent submission of some documents after our audit execution. However, Management did not submit evidence of approved contracts requested as asserted in Management's response. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5.2.13 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.5.3 Third Party Payments

Criteria

- 1.5.3.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.5.3.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:
- a) Total payments made by such third parties; and
 - b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operations".

Condition

- 1.5.3.3 During the audit, we observed that transactions amounting to US\$26,306.79 were paid to various individuals for onward distributions. **See table 13 below.**

Table 13: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
10/18/2021	Check	Sylvester B Hne	LCHT-PV-00127-2021	1316297	Not available	9,278.79
11/18/2021	Check	Employee Expenses Payable	LCHT-PV-00158-2021	1317966	Payment of DSA for LCHT STAFF	4,780.00
12/20/2021	Check	Employee Expenses Payable	LCHT-PV-00174-2021	1317978	Payment for support for the implementation of program activities	4,179.00
10/9/2021	Check	Govego B Thompson	LCHT-PV-00115-2021	9592309	Payment for program activities Monitoring milestone on quality and care DSA supervision code6.19,ck no.1316290	1,553.00
9/7/2021	Check	Employee	LCHT-PV-	1316274	Payment for county	1,515.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
		Expenses Payable	00094-2021		level JISS FOR THE PASS MONTHS July	
9/7/2021	Check	Simeon T Dunn	LCHT-PV-00090-2021	1316270	Payment for RHTC Meeting support	1,350.00
11/18/2021	Check	Employee Expenses Payable	LCHT-PV-00160-2021	1317968	Payment of DSA for LCHT STAFF	1,306.00
10/7/2021	Check	Employee Expenses Payable	LCHT-PV-00110-2021	9592305	Payment for DSA for LCHT staff the check is in Simeon T. Dunn name	1,235.00
12/23/2021	Check	Employee Expenses Payable	LCHT-PV-00192-2021	9592332	Payment for program activities please find detail request	1,110.00
Total						26,306.79

Cause

- 1.5.3.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.5.3.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.5.3.6 Third party payments may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.5.3.7 Management should ensure that all payments for goods and services procured by the project should be made directly in the name of the vendor or its legally authorised representatives.
- 1.5.3.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.5.3.9 *We acknowledge this audit finding for the period under review. The MOH has put in place a direct mobile money payment system for all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.5.4 Fuel and Gas Discrepancies

Criteria

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

Condition

- 1.5.4.2 During the audit, we performed a reconciliation between fuel quantity procured to quantity subsequently distributed and observed variances amounting to US\$2,125.20, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 14 below.**

Table 14: Fuel and Gas Discrepancies

Period	Qty received per delivery note in (Gallons) A	Qty distributed as per store room release in (Gallons) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
Jul-21	1,127	1,213	(86)	4.50	387
Jul-21	1,191	1,078	113	4.50	508.5
Jul-21	1126.6	1,125	1.6	4.50	7.20
Sep-21	150	0	150	10	1,500.00
Sep-21	75	0	75	4.5	337.50
Nov-21	2,219	2,460	(241)	4.5	-1,084.50
Nov-21	2,155	2,149	6	4.5	27.00
Nov-21	1,203	1,298	(95)	4.5	-427.50
Dec-21	916	908	8	5.00	40.00
Dec.23,2021	900	821	79	5.00	395.00
Dec-21	1,800	1,800	-	5.00	0.00
Dec-21	916	908	8	5.00	40.00
Dec-21	900	821	79	5.00	395.00
Total	14,678	14,581	97		2,125.20

Cause

- 1.5.4.3 Management failure to carry forward and/or account for unused fuel procured resulted into the condition above.

Risk

- 1.5.4.4 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption may not be assured.

- 1.5.4.5 Failure to maintain adequate records and fully account for unused petroleum products procured and distributed may lead to misappropriation of the entity's fuel.

Recommendation

- 1.5.4.6 Management should develop, approve and operationalize petroleum products consumption policy to regulate the procurement, storage, distribution and reporting of fuel.
- 1.5.4.7 Management should maintain petroleum products consumption and distribution logs to aid the entity manage cost and inform future purchase.
- 1.5.4.8 Management should perform periodic reconciliation between the fuel procured and distributed. Differences observed should be adequately documented and carried forward.

Management's Response

- 1.5.4.9 *Noted, going forward management will ensure that a petroleum policy be drafted that will regulate the distribution of fuel and will also ensure adequate record of the fuel log.*

Auditor General's Position

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

1.6 Margibi County Health Team (MCHT)

1.6.1 Procurement Irregularities

Criteria

- 1.6.1.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.6.1.2 During the audit, we observed that the procurement process at the MOH is centralized. However, Management did not facilitate the completion of procurement processes by the centralized procurement unit at the MOH including awarding of contracts before approving funds for the MCHT.
- 1.6.1.3 Further, we observed that the below sampled purchases during the period did not have evidence of procurement proceedings, contracts, and procurements were not planned. Also, we observed no evidence that GRN and delivery notes were available for some purchases. **See table 15 below.**

Table 15: Procurement Irregularities

Date	Payee	Voucher Number	check/Reference Number	Description	Credit	
12/30/2021	M and R Catering Service	MCHT-PV-00182-2021	1557233	Catering for three days training from the FARA activities implementation budget	2,250.00	No evidence of procurement and contract
10/6/2021	God's Willing Inc	MCHT-PV-00127-2021	1311887	Purchase of Fuel from FARA activities implementation budget	3,600.00	No evidence of procurement and contract
11/19/2021	M.D. Capital Reliable Link	MCHT-PV-00158-2021	1557212	Purchase of assorted stationery Supplies from FARA activities implementation budget	9,240.00	amount not planned for, no evidence of evaluation of RFQ, no delivery note and GRN
12/17/2021	M.D. Capital Reliable Link	MCHT-PV-00169-2021	1557221	Purchase of a laptop computer from FARA activities implementation budget	1,150.00	No evidence of procurement and contract
9/28/2021	M.D. Capital Reliable Link	MCHT-PV-00117-2021	1311881	Purchase of Assorted Stationery Supplies from FARA activities implementation budget	5,083.00	no delivery note, GRN, no evidence of evaluation of RFQ
Total					21,323.00	

Cause

- 1.6.1.4 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before disbursement of funds resulted in the situation above.

Risk

- 1.6.1.5 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.6.1.6 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.6.1.7 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.6.1.8 Management should account for the above transactions by providing all bid documents and approved contracts, GRN and delivery notes to justify the legitimacy of the transactions.
- 1.6.1.9 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before disbursement of funds.
- 1.6.1.10 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.1.11 *Management takes notes and which to inform you that it has put into place system to correct the above missteps as will be seen going forward.*

Auditor General's Position

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

1.6.2 Inventory Management Non-Medical and Medical Supplies Irregularities

Criteria

- 1.6.2.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."
- 1.6.2.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated in 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."
- 1.6.2.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

- 1.6.2.4 During the audit, we observed the following discrepancies from a sample of non-medical supplies amounting to US\$19,693.00 that:
 - There was no evidence of goods received notes. Delivery note is available but

no evidence of signature from the warehouse supervisor, compliance and logistics officers. No evidence of goods being updated in the inventory record as stock cards not available for both non-medical and medical inventories.

- There was no evidence of recorded or supplied inventory. Storeroom requisition forms were not made available for both non-medical and medical inventories.
- The accuracy of inventory closing balances could not be confirmed. There was no documentation (Stock cards) available to test the brought forward items received and supplied for both non-medical and medical inventories **See table 16 below.**

Table 16: Inventory Management Non-Medical and Medical Supplies

Voucher No.	Date	Description	Amount US\$
MCHT-PV-00117-2021	9/28/2021	purchase of assorted stationery and supplies	5,083.00
MCHT-PV-00158-2021	11/19/2021	purchase of assorted stationery and supplies From FARA implemetation budget	9,240.00
MCHT-PV-00121-2021	Sept 29, 2021	purchase of medical equipment	5,370.00
Total			19,693.00

- 1.6.2.5 Furthermore, we could not reconcile requisitions, supplies and inventory balances due to inadequate inventory records.

Cause

- 1.6.2.6 Management failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.6.2.7 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.6.2.8 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.6.2.9 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods receive notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.

- 1.6.2.10 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level and etc.
- 1.6.2.11 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and file to facilitate future review.
- 1.6.2.12 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

- 1.6.2.13 *Management did not respond to this finding.*

Auditor General's Position

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

1.6.3 Third Party Payments

Criteria

- 1.6.3.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.6.3.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:
 - a) Total payments made by such third parties; and
 - b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operations".

Condition

- 1.6.3.3 During the audit, we observed that transactions amounting to US\$13,497.50 were paid to various individuals for onward distribution. **See table 17 below.**

Table 17: Third Party Payments

Date	Payee	Employee	Voucher Number	check/Reference Number	Description	Credit
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00107-2021	1311875	Support to conduct monthly Joint Integrated Supportive Supervision and monthly post supervision mentorship in Mamba Kaba District	1,920.00
12/17/2021	Employee Expenses Payable	Theophilus B Doebo	MCHT-PV-00170-2021	1557222	Payment to support FARA implementation preparatory stage	1,200.00
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00096-2021	1311864	Support for post monthly supervision and mentorship in Firestone District	360.00
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00108-2021	1311876	Support for health facilities community engagement meetings, District Level MNDSR meetings, District performance review meetings and contraceptive outreach in Mamba Kaba District	1,047.50
11/17/2021	Employee Expenses Payable	Theophilus B Doebo	MCHT-PV-00154-2021	1557208	Daily Subsistence Allowance for Participants attending FARA Planning Meeting in Ganta, Ninmba County	4,320.00
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00104-2021	1311872	Support to conduct district performance review meeting in Gibi District	330.00
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00102-2021	1311870	Support for post monthly supervision and mentorship in Gibi District	360.00
9/21/2021	Employee Expenses Payable	KUSIE DAVID	MCHT-PV-00110-2021	1311878	support to conduct district performance review meetings, district level MNDSR meetings, community engagement meetings	1,980.00

Date	Payee	Employee	Voucher Number	check/Reference Number	Description	Credit
					for the establishment of community referral pathway and contraceptive outreach in Kakata District	
12/17/2021	Employee Expenses Payable	Theophilus B Doebo	MCHT-PV-00171-2021	1557223		1,980.00
Total						13,497.50

Cause

- 1.6.3.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.6.3.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.6.3.6 Third party payment may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.6.3.7 Management should ensure that all payments for goods and services procured by the project should be made directly in the name of the vendor or its legally authorised representatives.
- 1.6.3.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.6.3.9 *We acknowledge this audit finding for the period under review. The MOH has put in place a direct mobile money payment to all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.7 Grand Bassa County Health Team

1.7.1 No Warehouse for Non-Medical Supplies

Criteria

- 1.7.1.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states, "The objectives of the MOH's stock system are to ensure that: Stock items are safeguarded against theft, misuse, damage, and obsolescence".

Condition

- 1.7.1.2 During the audit, we observed that the GBCHT did not have a warehousing system in place to store non-medical inventory. Items procured were observed from documentation to be purchased on a Just-In-Time basis and delivered for immediate use.

Cause

- 1.7.1.3 Management failure to establish a warehouse and maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.7.1.4 Failure to establish a warehouse and effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.7.1.5 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.7.1.6 Management should establish a warehousing facility for non-medical supplies to facilitate a point of receipt and storage of inventory. Further, Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level, etc.
- 1.7.1.7 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods receive notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.7.1.8 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.

- 1.7.1.9 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

- 1.7.1.10 *The Grand Bassa County Health Team has embarked on a warehouse construction to ensure proper stock management system. The process is ongoing to ensure that non-medical commodities are safeguarded against theft, misuse, damage, and obsolescence.*

Auditor General's Position

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

1.7.2 Third Party Payments

Criteria

- 1.7.2.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.7.2.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:
- a) Total payments made by such third parties; and
 - b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operations".

Condition

- 1.7.2.3 During the audit, we observed that transactions amounting to US\$11,245.00 were paid to various individuals for onward distribution. **See table 18 below.**

Table 18: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
9/7/2021	Check	Comfort S. B Wiles	GBCHT-PV-00045-2021	1457422	Payment to carry on Maternal Death Review in eight health district in Grand Bassa County	1,245.00
9/7/2021	Check	HAMILTON C RUSS	GBCHT-PV-00046-2021	1457423	Payment of DSA to conduct Netsuite training for Finance Department in Grand Bassa County	1,200.00
11/8/2021	Check	Jimmy T	GBCHT-	1530274	Payment of DSA for	3,600.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
		Yeamie	PV-00116-2021		DHTs to conduct quarterly Joint integrated supportive supervision (JISS) targeting 75% of all health facilities in Grand Bassa County	
10/20/2021	Bill Payment	Mama and Son Holding INC	GBCHT-PV-00091-2021	1457450	Purchase of vehicle spare parts	4,000.00
11/8/2021	Check	Jimmy T Yeamie	GBCHT-PV-00114-2021	1530272	Payment of DSA to DHT to provide mentoring and coaching support to health facilities staff of service delivery, data competences and HFDC Meeting	1,200.00
Total						11,245.00

Cause

- 1.7.2.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.7.2.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.7.2.6 Third party payment may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.7.2.7 Management should ensure that all payments for goods and services procured by the project are made directly in the name of the vendor or its legally authorised representatives.
- 1.7.2.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.7.2.9 *Since 2023, The Grand Bassa County Health Team has fully transitioned to a mobile money payment system to avoid third-party payment in adherence with audit recommendations.*

Auditor General's Position

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

1.8 Grand Cape Mount County Health Team

1.8.1 Procuring from Non-Contracted Vendors

Criteria

- 1.8.1.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.8.1.2 During the audit, we observed that Management of the MOH did not ensure that procurement process was carry out by the centralized procurement unit at MOH and contract awarded before approving funds for the GCCHT for implementation of the project.

Cause

- 1.8.1.3 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before disbursement of funds resulted in the situation above.

Risk

- 1.8.1.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money
- 1.8.1.5 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.8.1.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.8.1.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.8.1.8 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before disbursement of funds.

- 1.8.1.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.8.1.10 Management did not respond to this finding.

Auditor General's Position

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

1.8.2 Inventory Management Non-Medical Supplies and Medical Supplies

Criteria

- 1.8.2.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."
- 1.8.2.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."
- 1.8.2.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

- 1.8.2.4 During the audit, we observed that samples of Non-Medical and Medical Supplies bought totalling **US\$9,782.50** had no evidence of goods updated on an inventory stock card as stock card was not available to confirm the receipts, requisitions, supplies and inventory balances of these commodities procured. **See table 19 below.**

Table 19: Inventory Management Non-Medical Supplies and Medical Supplies.

Voucher No.	Date	Description	Amount US\$
GCMCHT-PV-00120-2021	12/16/2021	Purchase of Reagents for three health centers	1,267.50
GCMCHT-PV-00084-2021	October 21,2021	Purchase of Stationery	8,515.00
Total			9,782.50

Cause

- 1.8.2.5 Management failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.8.2.6 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.8.2.7 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.8.2.8 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level and etc.
- 1.8.2.9 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods receive notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.8.2.10 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.
- 1.8.2.11 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

- 1.8.2.12 *We acknowledge the audit recommendations for improvement, but at the same time has made available the transaction vouchers to show that the goods were received and recorded on the bin card. (Please see your table 19 heading for re-wording)*

Auditor General's Position

- 1.8.2.13 We acknowledge Management subsequent submission of some requested documents, including payment vouchers and goods received notes after our audit execution. However, Management did not provide evidence of stock cards to validate the actual

receipt and subsequent distribution of inventory at the warehouse. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

- 1.8.2.14 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.8.3 Purchase made without Contract

Criteria

- 1.8.3.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act

Condition

- 1.8.3.2 During the audit, we observed that Management made several payments amounting to US\$54,825.00 to Super Petroleum and Mubico Garage for US\$3,500.00 for vehicle repairs without evidence of contracts. **See table 20 below.**

Table 20: Purchase made without Contract

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
9/8/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00056-2021	451771	Purchase of fuel for utility vehicles and ambulances	9000
10/21/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00089-2021	451799	Purchase of gasoline for supervisors motorbikes and health facilities	6500
10/21/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00090-2021	451800	Purchase of fuel for generator for health center and CHT generator	3500
10/21/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00091-2021	451801	Purchase of fuel for ambulance and utility vehicles	9500
11/22/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00104-2021	451811	Purchase of fuel for Ambulances and motorbikes	4000
12/16/2021	Bill	Super	GCMCHT-	451826	Purchase of Diesel	3000

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
	Payment	Petroleum Company	PV-00121-2021		fuel for vehicles	
12/29/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00136-2021	451834	Purchase of Gasoline for health facilities and supervisors	6000
12/29/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00135-2021	451833	Purchase of fuel for ambulances and utilities vehicles	9725
12/29/2021	Bill Payment	Super Petroleum Company	GCMCHT-PV-00137-2021	451835	Purchase of fuel for generators	3600
10/21/2021	Bill Payment	Mubico Garage	GCMCHT-PV-00088-2021	451798	Payment for the repair of vehicles, LB 1113, LB 1359, LB 1415	3,500.00
Total						58,325.00

Cause

- 1.8.3.3 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before disbursement of funds resulted in the situation above.

Risk

- 1.8.3.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.8.3.5 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.8.3.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.8.3.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.8.3.8 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before disbursement of funds.
- 1.8.3.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.8.3.10 *The full procurement processes up to the point of a contract award was done for the petroleum product, we are currently in search of the contract, however, please review the attached bid documents for possible consideration.*
- 1.8.3.11 *Secondly, due to the amount involved, we did not contract with Mubico Garage. We used the three-quotation method of procurement.*

Auditor General's Position

- 1.8.3.12 Management did not adequately address the issue raised. The bid document is not a substitute for a contract. The bid documents are evidence of initiation and evaluation of bids before final awarding of a contract to selected vendors. While a contract establishes approved terms and conditions for the supply of goods and services between the project and the vendor. The value of the transaction for vehicle repairs and maintenance by Mubico Garage indicated in our table represented a single transaction from the vendor service. The total value of the services performed was within the threshold of a contract consistent with the PPC Act of 2010. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.8.4 Fuel and Gas

Criteria

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

Condition

- 1.8.4.2 During the audit, we observed a significant difference between fuel and gas procured to product subsequently distributed. **See table 21 below.**

Table 21: Fuel and Gas

Period	Qty distributed as per store room release in (Gallons) A	Qty received per delivery note in (Gallons) B	Variance C(A-B)	Unit cost US\$ D	Amount US\$ E=C *D
6-Sep-21	2735	2,368	367	3.8	1,394.60
21-Oct-21	2052	1,711	34	3.8	1,295.8

Period	Qty distributed as per store room release in (Gallons) A	Qty received per delivery note in (Gallons) B	Variance C(A-B)	Unit cost US\$ D	Amount US\$ E=C *D
21-Oct-21	909	921	-12	3.8	-45.60
21-Oct-21	2475	2,500	-25	3.8	-95.00
16-Dec-21	720	714	6	4.2	25.20
Total	8891	8,214	678		2,574.80

Cause

- 1.8.4.3 Management failure to carry forward and/or account for unused fuel procured resulted into the condition above.

Risk

- 1.8.4.4 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption usage may not be assured.
- 1.8.4.5 Failure to maintain adequate records and fully account for unused petroleum products procured and distributed may lead to misappropriation of the entity fuel.

Recommendation

- 1.8.4.6 Management should develop, approve and operationalize petroleum products consumption policy to regulate the procurement, storage, distribution and reporting of fuel.
- 1.8.4.7 Management should maintain petroleum products consumption and distribution logs to aid the entity manage cost and inform future purchase.
- 1.8.4.8 Management should perform a periodic reconciliation between the fuel procured and distributed. Differences observed should be adequately documented and carry forward.

Management's Response

- 1.8.4.9 *We have re-created table 21 (Analysis of variance in Fuel distribution), using the same voucher used by the audit team and the results are different. We have attached the concern vouchers for your review and reconsideration.*

Period	Qty received per delivery note in (Gallons) A	Qty distributed as per store room release in (Gallons) B	Variance C(A-B)	Unit cost US\$ D	Amount US\$ E=C *D
6-Sep-21	2,368	2,368	0	3.80	0
21-Oct-21	1,711	1,711	0	3.80	0
21-Oct-21	921	921	0	3.80	0

Period	Qty received per delivery note in (Gallons) <i>A</i>	Qty distributed as per store room release in (Gallons) <i>B</i>	Variance <i>C(A-B)</i>	Unit cost US\$ <i>D</i>	Amount US\$ <i>E=C *D</i>
21-Oct-21	2,500	2,500	0	3.80	0
16-Dec-21	714	714	0	4.20	0
Total		8,214	0		0

Auditor General's Position

- 1.8.4.10 Management assertion did not adequately address the issue raised. The information in the document submitted by Management did not reconcile with the fuel quantity received and subsequently distributed, as asserted in the table presented in Management's response. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.8.5 Third Party Payments

Criteria

- 1.8.5.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.8.5.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states "When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:
- Total payments made by such third parties; and
 - A sub-classification of the total amount of such payments using a classification basis appropriate to the entity's operation".

Condition

- 1.8.5.3 During the audit, we observed that transactions amounting to US\$9,430.00 were paid to various individuals for various services rendered for onward distribution. **See table 22 below.**

Table 22: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
10/1/2021	Check	Kpadeh Kollie	GCMCHT-PV-00069-2021	451780	Fund for TTM motivation for FARA Extension July-Sept. 2021	1,980.00
7/15/2021	Check	Kpadeh Kollie	GCMCHT-PV-00044-2021	451770	Payment of local purchase of materials	450.00
7/8/2021	Check	Kpadeh	GCMCHT-PV-	451749	Payment for contraceptive	3,080.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
		Kollie	00001-2021		outreach for the period April- June 2021	
12/16/2021	Check	Kpadeh Kollie	GCMCHT-PV-00113-2021	451818	Fund for contraceptive outreach for the quarter Oct.-Dec. 2021	3,080.00
10/21/2021	Check	Kpadeh Kollie	GCMCHT-PV-00082-2021	451792	Fund for District Data verification for the period July-September 2021	840.00
Total						9,430.00

Cause

- 1.8.5.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.8.5.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.8.5.6 Third party payment may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.8.5.7 Management should ensure that all payments for goods and services procured by the project should be made directly in the name of the vendor or its legally authorised representatives.
- 1.8.5.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.8.5.9 *We acknowledge this audit finding for the period under review. The MOH has put in place a direct mobile money payment to all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.9 River Gee County Health Team

1.9.1 Inventory Management Non-Medical and Medical Supplies Irregularities

Criteria

- 1.9.1.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock

System” states that, “the objectives of the MOH’s stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock.”

1.9.1.2 Regulation P (9) of the Public Financial Management Act of 2009 as restated 2019 states “Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers.”

1.9.1.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

1.9.1.4 During the audit, we observed the following discrepancies from a sample of non-medical supplies amounting to US\$1,756.50:

- Warehouse staff did not sign GRN or delivery notes.
- 5 pieces of motorbikes brake shoes total \$50 not recorded on stock card
- 5 pieces of Sproket total \$150 not recorded or received.
- Delivery note reported 4 pieces of Hub Oil Seal deliver while GRN reported one piece of Hub oil seal received. Disputed cost is \$75 for 3 pieces.

1.9.1.5 Also, we observed no evidence that items delivered to the Fish Town Hospital were received as the warehouse supervisor was unable to locate the stock cards and requisitions as evidence of items received, recorded, requested and distributed at the hospital for the samples of medical supplies vouchers. **See table 23 below.**

Table 23: Inventory Management Non-Medical and Medical Supplies

Voucher No.	Date	Description	Amount US\$
RGCHT-PV-00051-2021	7-Nov-21	Medical drugs for fish town hospital	793.00
RGCHT-PV-00090-2021	31-Dec-21	Payment for assorted drugs for Fish town hospital	963.50
Total			1,756.50

1.9.1.6 Furthermore, we could not reconcile requisitions, supplies and inventory balances due to inadequate inventory records.

Cause

1.9.1.7 Management’s failure to maintain adequate recording and monitoring of inventory resulted into the condition above.

Risk

- 1.9.1.8 Failure to effectively record and monitor inventory receipt, storage, and distribution may lead to inventory being misappropriated resulting into loss of essential health services materials.
- 1.9.1.9 The absence of effective segregation of duties and check and balances over the procurement, receipt and distribution of inventories may lead to misappropriation of inventories.

Recommendation

- 1.9.1.10 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level, stock-out level, etc.
- 1.9.1.11 Management should establish a control such that at least three authorised personnel comprising of procurement officer, warehouse/store officer, and an internal auditor/assurance officer reconcile and validate the receipt and subsequent distribution of all inventories procured. The goods received notes and stock release forms should be signed by these authorised personnel. Evidence of the authorised goods received notes and stock release forms should be adequately documented and filed to facilitate future review. Copies of signed goods received notes should be communicated to the vendor to facilitate future confirmation and review exercises.
- 1.9.1.12 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stocktakes, should be adequately documented and filed to facilitate future review.
- 1.9.1.13 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

- 1.9.1.14 *We acknowledge the audit findings. MOH has attached all supporting documents for consideration.*

Auditor General's Position

- 1.9.1.15 Management's assertion was not supported by the subsequent submission of supporting documents. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.9.2 Third Party Payments

Criteria

- 1.9.2.1 Regulation B.28 of the PFM Act of 2009 as restated in 2019 states that, "A payment shall

be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment.”

1.9.2.2 Paragraph 2.1.77 of IPSAS Cash Basis Accounting states “When during the reporting period a reporting entity has been formally advised that payments have been made to directly settle its obligation or purchase goods and services for its benefit by third parties, or the entity has otherwise has verified that such payment has been made, the entity is encouraged to disclose in notes to the financial statements:

- a) Total payments made by such third parties; and
- b) A sub-classification of the total amount of such payments using a classification basis appropriate to the entity’s operation”.

Condition

1.9.2.3 During the audit, we observed that transactions amounting to US\$5,329.76 were paid to various individuals for onward distribution. **See table 24 below.**

Table 24: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
12/16/2021	Check	Chris G Kamata	RGCHT-PV-00067-2021	1431059	Lunch and accommodation for Participant during reproductive health technical committee meeting	400.00
10/20/2021	Check	Chris G Kamata	RGCHT-PV-00036-2021	1431029	PBF allowances for facilities and staff(April-June 2021)	3,444.76
12/27/2021	Check	Chris G Kamata	RGCHT-PV-00075-2021	1431064	payment of incentive for weekend and holiday services at the health facilities by professional staff	720.00
12/16/2021	Check	Chris G Kamata	RGCHT-PV-00069-2021	1431061	Accommodation for participant during quarterly county JISS	270.00
12/16/2021	Check	Chris G Kamata	RGCHT-PV-00066-2021	1431058	Transportation and feeding for participant on monthly data entry	495.00
Total						5,329.76

Cause

1.9.2.4 Failure to comply with the Public Financial Management Regulations and non-usage of mobile money payments to third party created the condition above.

Risk

- 1.9.2.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.
- 1.9.2.6 Third party payment may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.9.2.7 Management should ensure that all payments for goods and services procured by the project are made directly in the name of the vendor or its legally authorised representatives.
- 1.9.2.8 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

- 1.9.2.9 *We acknowledge this audit finding for the period under review. The MOH has put in place a direct mobile money payment to all beneficiaries to avoid or resolve the issue of third-party payment.*

Auditor General's Position

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

1.9.3 Fuel and Gas Discrepancies

Criteria

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

Condition

- 1.9.3.2 During the audit, we observed a significant difference between fuel and gas procured to product subsequently distributed. **See tables 25 below.**

Table 25: Fuel and Gas Discrepancies

Period	Qty received per delivery note in (Gallons) A	Qty distributed as per store room release in (Gallons) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
7/11/2021	140	140	-	7	-
8/22/2021	2,000	1990	10	6.5	65
9/28/2021	387	387	-	6.00	-
9/22/2021	625	625	-	4.50	-
10/26/2021	3,770	3,000	770	4.50	3,465
11/7/2021	493	493	-	4.50	-
12/30/2021	2,888	2,761	127	4.50	571.5
Total	10,303	9,396	907		4,101.5

Cause

- 1.9.3.3 Management failure to carry forward and/or account for unused fuel procured resulted into the condition above.

Risk

- 1.9.3.4 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption usage may not be assured.
- 1.9.3.5 Failure to maintain adequate records and fully account for unused petroleum products procured and distributed may lead to misappropriation of the entity fuel.

Recommendation

- 1.9.3.6 Management should develop, approve and operationalize petroleum products consumption policy to regulate the procurement, storage, distribution and reporting of fuel.
- 1.9.3.7 Management should maintain petroleum products consumption and distribution logs to aid the entity manage cost and inform future purchase.
- 1.9.3.8 Management should perform a periodic reconciliation between the fuel procured and distributed. Differences observed should be adequately documented and carry forward.

Management's Response

- 1.9.3.9 *We acknowledge the audit findings. MOH has attached all supporting documents for consideration.*

Auditor General's Position

- 1.9.3.10 Management's assertion was not supported by the subsequent submission of supporting documents. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.9.4 FARA Central Office

Un-Supported Reversal Entries

Criteria

- 1.9.4.1 Regulation P.12 of the PFM Act of 2009 as restated in 2019 states that, "Where the officer signing the payment voucher cannot himself check that the services, goods or works for which payment is being made have been received, he shall ensure that the voucher is supported by original copies of supporting documents such as contract, local purchase order, goods received note, and a certificate or other endorsement such as an annotated rubber stamp signed by an officer who can attest to the correctness of the fact." Also,
- 1.9.4.2 Regulation P.9(2) of the PFM Act of 2009 as restated in 2019 states, "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."

Condition

- 1.9.4.3 During the audit, we observed that Management made two correcting entries amounting to US\$105,000.00 without evidence of the previous corresponding entries it aims to reverse. **See table 26 below.**

Table 26: Un-Supported Reversal Entries

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
8/6/2021	Journal			JV-00939-2022	Correction entry for transaction wrongly post in the FARA V2.0 cash book	75,000.00
12/10/2021	Journal			JV-00940-2022	Correction entry for transaction wrongly post in the FARA V2.0 cash book	30,000.00
Total						105,000.00

Cause

- 1.9.4.4 Failure to ensure that accounting entries are referenced, reviewed, and approved by the relevant authorities resulted in the condition above.

Risk

- 1.9.4.5 The absence of documentation for reversal entries may impair effective reconciliation, review, and the completeness and accuracy of accounting records may not be assured.

Recommendation

- 1.9.4.6 Management should account for the reversal entries by providing all relevant supporting documents.
- 1.9.4.7 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger and the financial statements to facilitate the completeness and accuracy of the financial statements.
- 1.9.4.8 Management should ensure that journal vouchers detailing the accounting entries for each reversal is created, referenced and approved for reconciliation and review purposes. Evidence of approved journal vouchers should be adequately documented and filed to facilitate future review.

Management's Response

- 1.9.4.9 *These two payments were made to Grand Bassa CHT in preparation for FARA implementation, during which time the project did not have a contract with Grand Bassa CHT. As such, these payments were to be made from the FARA Savings Account and not the project's main account at SIBank. The system picks up the SIBank account instead of the Savings account at Ecobank. Even though the cheques were paid through Ecobank. We, therefore, passed these journals to correct the transactions in the system. Please find attached evidence.*

Auditor General's Position

- 1.9.4.10 Management's assertion was not supported by the subsequent submission of supporting documents. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.9.5 Purchased made without Contract

Criteria

- 1.9.5.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Condition

- 1.9.5.2 During the audit, we observed that Management made purchases amounting to US\$40,957.20 from an un-contracted vendor. **See table 27 below.**

Table 27: Purchased made without Contract

Date	Type	Payee	Voucher Number	check/ Reference Number	Description	Amount US\$
8/12/2021	Bill Payment	Super Petroleum Company	MOH-PV-00222-2021	1327045	Request for fuel for Orientation Meeting in Grand Bassa and Margibi	326.70
8/12/2021	Bill Payment	Super Petroleum Company	MOH-PV-00223-2021	1327046	Procurement of fuel for Administration	18,150.00
10/29/2021	Bill Payment	Super Petroleum Company	MOH-PV-00690-2021	1327058	Fuel request for monitoring visits to Margibi and Grand Bassa counties	988.00
11/15/2021	Bill Payment	Super Petroleum Company	MOH-PV-00762-2021	1327059	SUBJECT Fuel Request for Margibi Review Meeting	197.00
11/15/2021	Bill Payment	Super Petroleum Company	MOH-PV-00766-2021	1327060	Request for fuel support for field trip to Rivercess County	295.50
12/14/2021	Bill Payment	Super Petroleum Company	MOH-PV-00907-2021	1327062	Procurement of Fuel for Administration	21,000.00
Total						40,957.20

1.9.5.3 Also, we observed that a payment for the construction of new Ganta community clinic amounting to US\$42,463.30 to Sheruf Inc was not in line with contract terms: there was inconsistency in the percentage payment term documented in the approved contract.

1.9.5.4 Furthermore, additional payment of US\$98,987.33 to Sheruf Inc. as 50% payment for the additional construction work for Ganta and Palala Clinics on a separate contract was without bid documents submitted for review.

Cause

1.9.5.5 Failure to ensure that procurement processes are undertaken including the completion and authorization of vendors' contract before submitting funds resulted in the situation above.

Risk

1.9.5.6 Failure to adhere to procurement laws may lead to the non-achievement of value for money.

1.9.5.7 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.

1.9.5.8 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

- 1.9.5.9 No adherence to the terms and conditions of the contract may lead to breach of contract, litigation, penalties and fines.

Recommendation

- 1.9.5.10 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.9.5.11 Management should ensure that all future procurement processes for all activities and sections under the central office are conducted and contracts awarded and forwarded to the respective implementing arm of the Ministry before disbursement of funds.
- 1.9.5.12 Evidence of approved contracts should be adequately documented and filed to facilitate future review.
- 1.9.5.13 Management should facilitate strict adherence to approved contracts terms and conditions to ensure value for money is achieved. All addendum to contract should be authorised by the relevant authorities. Evidence of approved contracts and approval to addendum should be adequately documented and filed to facilitate future review.

Management's Response

- 1.9.5.14 *There was a procurement process for all the transactions in Table 27; the box file is attached for your review.*
- 1.9.5.15 *We have also attached the bid document for the additional construction work done on the Ganta and Palala Clinics.*

Auditor General's Position

- 1.9.5.16 We acknowledge Management subsequent submission of documents after our audit execution. However, Management documentation on the supply of fuel and gas by Super Petroleum shows that the contract was awarded on November 2, 2021; whereas, purchases was made from Super Petroleum earlier as seen in table 27 dates above.
- 1.9.5.17 Management did not address the findings on the US\$42,463.30 to Sheruf Inc. not in line with contract terms as inconsistency was observed in the percentage payment term documented in the approved contract.
- 1.9.5.18 On the issue of the US\$98,987.33 to Sheruf Inc as 50% payment, we have reviewed the subsequent submission of bid documents and we have confirmed its availability in line with the Public Procurement Laws.
- 1.9.5.19 Also, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.9.6 Non-Remittance of Taxes Withheld

Criteria

- 1.9.6.1 Section 905 'Withholding of Tax on Payments to Residents' (a) and (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates:
- 1.9.6.2 "(a) Payments. A person listed in this subsection who makes a payment of the kind specified in this section is required to withhold tax at the rate specified in this section. The payor is treated as a withholding agent for all purposes of this Code. This subsection applies to the following types of persons: (1) a resident legal or natural person; (2) a non-resident with a branch in Liberia or doing business in Liberia; (3) a government agency; or (4) unless expressly exempted by international agreement or treaty, a nongovernmental organization operating in Liberia or a diplomatic mission to Liberia.
- 1.9.6.3 (J) Withholding Requirements, Remittance, And Statement. 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."

Condition

- 1.9.6.4 During the audit, we observed that Management did not provide evidence of remittances (including flag receipts) to the General Revenue Account for withholding taxes amounting to US\$20,115.00, withheld from contracted staff of the project for six months, July to December of 2021.
- 1.9.6.5 We also observed that Management did not meet the 10 days ultimatum to remit, after withholding taxes amounting to US\$13,410.00 for four months, July to October 2021.

Cause

- 1.9.6.6 Management's inability to effectively monitor and facilitate full compliance to the law resulted into the condition observed.

Risk

- 1.9.6.7 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.9.6.8 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.

Recommendation

- 1.9.6.9 Management should provide the flag receipts to the Office of the Auditor General as evidence of payment of withheld taxes.

- 1.9.6.10 Management should facilitate full and timely 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. All withholding taxes should be remitted within 10 (ten) days after the last day of the month. Evidence of full remittance of withholding taxes including original copies of flag receipts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.9.6.11 *Full tax remittance was received for the period under review, but not within ten days. Going forward, management hopes to remit taxes as stated in the PFM Act in a timely manner.*

Auditor General's Position

- 1.9.6.12 We acknowledge Management subsequent submission of documentation of direct payment bank transfer form after our audit execution. However, copy of flag receipts further validating the evidence of payment into the general revenue account were not submitted for audit purposes. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.9.6.13 However, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

1.10 General Internal Controls and Compliance Findings (ALL CHTs)

1.10.1 FARA Project Compliance Officers

Criteria

- 1.10.1.1 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) control activities component required that preparation, review, approval controls are instituted over purchases and payments transaction that mitigate the risks that items purchased were not verified by the same person preparing and approving the purchased order to prevent non-compliance, errors or fraud in a transaction.

Condition

- 1.10.1.2 During the audit, we observed that the Offices of the Compliance Officers at the CHT's are still not fully functional.
- 1.10.1.3 We observed that compliance officers are at times not fully conducting the below activities at all the CHTs:
- Signing of goods received notes and delivery notes as evidence of inspection of goods delivered.
 - Signing of cash payment listing as evidence of his/her verification of payments for various program activities.

- Singing of inventory reports and bin cards as evidence of inspection and ensuring existence of items in inventory on a periodic basis.
- Signing of inventory requisition as evidence of ensuring items are distributed by proper authority in line with project objectives.
- Signing of delivery documents for essential items at delivery to health facilities as evidence of actual delivery and being present at the delivery.
- Inspection of payment request to ensure that payments are in line with CHT FARA project work plan.
- Signing of evaluation reports for RFQ as evidence of observance of a competitive RFQ process in line with the Public Procurement Laws where contracts were not prepared by FARA Central Office.
- Pre-audit of fuel, gas and communication cards requests to ensure wastes and abuse are avoided and project work plans are followed.
- Non-preparation and submission of periodic compliance activities reports.

1.10.1.4 Also, we observed that the River Gee CHT was the only CHT without an assigned Compliance Officer.

Cause

1.10.1.5 Management non-involvement of the Compliance Officers in significant operation activities mentioned above resulted into the condition observed.

Risk

1.10.1.6 Management may override controls, laws and regulations in the absence of independent reviews by the Compliance Officers.

1.10.1.7 Checks and balances in management operations may be impaired.

Recommendation

1.10.1.8 Management should ensure that the offices of the Compliance Officers are made fully functional with evidence of involvement in activities mentioned above and issuance of periodic reports.

Management's Response

1.10.1.9 *We acknowledge your recommendations, and will take the necessary actions to get the Compliance Officer fully involve. We will ensure that River Gee County get a compliance officer this 2024.*

Auditor General's Position

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

1.10.2 Goods Received Note Discrepancies

Criteria

1.10.2.1 Section 11.1 of the MOH Financial Procedure Manual "Objective of the MOH Stock System" states that, "the objectives of the MOH's stock system are to ensure that: The MOH shall use pre-number GRN or goods delivery notes to evidence receipt and issuance of stock."

1.10.2.2 Further, Regulation P (9) of the Public Financial Management Act of 2009 as restated in 2019 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers."

1.10.2.3 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Condition

1.10.2.4 During the audit, we observed that the control place on the automated Goods Received Note (GRN) forms has a control deficiency as the key position of Compliance Officer/Internal Auditor, Procurement Representative, Warehouse Supervisor, Vendor, and Requesting Unit were not included to be present for signing when goods are delivered by the vendor. This was evident by their absence of their respective signatures on the GRNs for all CHT's and Central Office at the MoH

1.10.2.5 We further observed that copy of a GRN was not issued the vendor upon delivery as evidence of receipt of goods from the vendor.

Cause

1.10.2.6 Failure to adequately design a GRN with the requisite approval levels created the situation above.

Risk

1.10.2.7 Payments may be made for goods not/under received.

1.10.2.8 The quality of goods received may not be consistent with predetermined, approved, contracted specification.

1.10.2.9 The completeness, existence and accuracy of inventories may be misstated.

Recommendation

1.10.2.10 Management should ensure that the Compliance Officer/Internal Auditor, Procurement Representative, Warehouse Supervisor, Vendor, and Requesting Unit are all present when goods are delivered and their positions are placed on the automated forms for signing.

1.10.2.11 Management should ensure that copy of the GRN is issued to the vendor and a log is signed by the vendor for the GRN issued.

Management's Response

1.10.2.12 *We acknowledge the audit recommendation, but as per MOH's current system design, there is no provision for their inclusion. Management will review and revert to your recommendation.*

Auditor General's Position

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

1.10.3 Fixed Assets Irregularities

Criteria

1.10.3.1 Regulation V.1 (2) of the Public Finance Management (PFM) Act of 2009 as restated in 2019 states that "The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: (a) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse; And (b) inventory levels are at an optimum and economical level".

Condition

1.10.3.2 During the audit, we observed the following irregularities associated with fixed assets management:

- Some fixed assets were not recorded in the fixed assets register
- The serial numbers of some assets are not shown in the fixed assets register.
- The USAID label was not placed on vehicles and other assets.
- The coding on some assets was inconsistent with coding of those fixed assets register
- Some assets were not coded
- No evidence of periodic physical verification of assets
- No evidence of movement of assets forms at the CHTs
- No evidence that fixed assets within a given vicinity at the CHTs were displayed as required by the PFM Act.

Cause

1.10.3.3 Failure to institute an effective assets management, recording and monitoring resulted in the observation above.

Risk

- 1.10.3.4 Fixed assets may be damaged or impaired, but their values are still on the books.
- 1.10.3.5 Fixed assets may be removed from the CHTs premises without authorization, misappropriated, subjected to personal use or theft.
- 1.10.3.6 The lack of fixed assets movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.10.3.7 Fixed assets not coded and labelled may be susceptible to theft or diverted to personal use. Also, fixed assets may be exchanged or stolen if not coded.
- 1.10.3.8 Management failure to effectively manage fixed assets may lead to misuse and loss of assets bought by project funds for the CHTs and health facilities.

Recommendation

- 1.10.3.9 Management should ensure that CHTs as well as central office assets are managed in line with the project objectives and agreement and follow the controls in the MOH financial procedures manual to manage the fixed assets register and assets of the project.
- 1.10.3.10 Management should expedite the following to facilitate effective fixed assets management:
- Management should ensure that all assets are coded and recorded in the register along with their serial numbers (if any).
 - Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets.
 - Records of physical verification exercises should be adequately documented and filed to facilitate future review.
 - The Fixed Assets Register should be updated periodically to reflect all entity's assets.
 - Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
 - All fixed assets should be adequately labelled with the USAID logo as required.
 - A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of assets.
 - All fixed assets should be uniquely coded based on the class of assets. The code on the assets should be consistent with the assets code recorded in the fixed assets register.

Management's Response

- 1.10.3.11 *Management takes note of your recommendation, and will take the necessary actions to avoid these risks.*

Auditor General's Position

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

1.10.4 Projects Contracts and Work plan

Criteria

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

Condition

- 1.10.4.2 During the audit, we observed no evidence of contracts and workplan developed and approved for all eight counties for the six-months: July 1 to December 31, 2021. We further observed that workplan in use were soft copy workplan develop in house by some counties which could not be confirmed by the audit team by a valid contract/agreement signed with the Project Office.

Cause

- 1.10.4.3 Failure to ensure that the project agreement is adhere to before disbursing funds created the situation above.

Risk

- 1.10.4.4 Management disbursing of funds without a contract with the counties may lead to misappropriation of the project funds.
- 1.10.4.5 Approved activities and objectives of the project may not be achieved and/or not achieved within specified timelines.
- 1.10.4.6 Project deliverables may not be in line with approved specification and quality.

Recommendation

- 1.10.4.7 Management should provide copies of approved contracts and workplan of the CHTs in line with the project agreement.
- 1.10.4.8 Management should ensure that all contracts are signed with the counties and workplan develop based on the contract budgets and are filed to facilitate future review.
- 1.10.4.9 Management should facilitate periodic monitoring and evaluation of projects activities to

ascertain full compliance with the approved contract and workplan of the CHTs. Discrepancies identified should be adequately addressed in line with approved timelines. Evidence of periodic monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.10.4.10 *We have attached all contract and work plan for your consideration.*

Auditor General's Position

1.10.4.11 We acknowledge Management subsequent submission of contracts with the County Health Teams after our audit execution. However, Management did not submit workplans along with approved contracts for our verification for which actual expenditure were to be measured against, as required by section 4.2 of the contract. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.10.5 Retroactive Procurement Contracting

Criteria

1.10.5.1 Section 37 'Public Notice of Contract Award' states that "The Procuring Entity shall promptly furnish the Commission notice of each contract awarded in which the price of the contract exceeds the applicable Thresholds establish by Regulations promulgated by the Commission indicating the reference number used in the bidding process, the contract price, the name and address of the successful bidder, a brief description of the goods, services or work procured and the procurement method utilized in awarding the contract. The Commission shall cause this information promptly to be Published."

Condition

1.10.5.2 During the audit, we observed that contracts awarded to vendors were retroactive. Management signed these procurement contracts during the year and were stated in the contract to commence from the beginning of the audit period.

Cause

- 1.10.5.3 Failure to submit these contracts to the PPCC for review may have led to these errors not been timely detected and corrected.
- 1.10.5.4 Failure to facilitate timely initiation and approval of contracts and/or Management's failure to obtain no objection from the PPCC before initiating transactions with vendors resulted in the condition above.

Risk

1.10.5.5 Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010 which may lead to the non-achievement of value for money.

- 1.10.5.6 In the absence of an approved contract, price may be hiked and the quality and required specification of goods and services delivered may be impaired.
- 1.10.5.7 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.10.5.8 Management should provide substantive justification for late preparation of contracts and their retroactive terms and conditions.
- 1.10.5.9 Management should facilitate timely commencement of procurement processes and ensure that all contracts are approved and awarded in a timely manner before transactions with vendors and disbursement of funds.
- 1.10.5.10 Alternatively, Management should obtain a "No Objection" from PPCC to operationalize the framework contracting.
- 1.10.5.11 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.10.5.12 *We take notes of the audit findings and recommendations. Going forward, all contracts start dates will be the same as the procurement process end date. Over time, we have just been considering the fiscal period, not that a procurement transaction can begin before the process is completed.*

Auditor General's Position

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

1.10.6 Bank Reconciliation Irregularities

Criteria

- 1.10.6.1 Part 1.3.15 of the Revised Cash Basis IPSAS (November 2017) requires all entities to present a statement of cash receipts and payments which discloses beginning and closing cash balances of the entity, to cash receipts and total cash payments over the reporting period, and major sub-classification thereof. This will ensure that the financial statements provide comprehensive information about the cash balances of the entity and changes therein over the period in a format that is accessible and understandable to users.

Condition

- 1.10.6.2 During the audit, we observed that some bank reconciliation statements were not properly prepared. As such, we observed numerous errors including the use of wrong cash book balances on some reconciliation statements. **See table 28 below.**

Table 28: Unreconciled Cash Balance

Bank account ID	Details (Month)	Balance as per bank statement	Cash book balance per Ledger A	Cash book balance per reconciliation B	Variance C= A - B
Grand Cape Mount	Dec-21	37,159	8,778	99,074	-90,296
River Gee	Dec-21	37,158.71	8,778.17	99,073.71	-90,296
Margibi	Dec-21	104,827.98	48,395.92	47,242.98	1,153
Lofa	Dec-21	128,566.34	44,877.21	128,566.34	-83,689

1.10.6.3 Additionally, bank reconciliation statements were not prepared for all the 12 months.

1.10.6.4 Also, we observed that GBCHT, GGCHT, BCHT, did not performed bank reconciliation for the period under audit.

Cause

1.10.6.5 Failure to ensure that the Project Accountants adequately prepare, review and approve bank reconciliation monthly created the situation above.

Risk

1.10.6.6 Failure to adequately prepare bank reconciliations may lead to untimely detection of errors or omissions, and fraud. Management may not fully account for all of its transactions.

1.10.6.7 The usage of wrong cash book balances in the preparation of bank reconciliation statements may lead to misstatement of the closing cash balances and subsequently the financial statements.

Recommendation

1.10.6.8 Management should facilitate timely preparation of bank reconciliation statements for all its bank accounts on a monthly basis.

1.10.6.9 The bank reconciliation statements should be prepared and reviewed by staff with the relevant qualification and experience.

1.10.6.10 Monthly bank reconciliations statements for all bank accounts should be adequately documented and filed to facilitate future review.

Management's Response

1.10.6.11 *Well noted, but these differences were settled in FY2022.*

Auditor General's Position

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

1.10.7 Incomplete Information on Procurement Documentation

Criteria

- 1.10.7.1 Section 37 'Public Notice of Contract Award' of the Public Procurement Concession Act of 2005 as amended and restated in 2010 states that "The Procuring Entity shall promptly furnish the Commission notice of each contract awarded in which the price of the contract exceeds the applicable Thresholds establish by Regulations promulgated by the Commission indicating the reference number used in the bidding process, the contract price, the name and address of the successful bidder, a brief description of the goods, services or work procured and the procurement method utilized in awarding the contract. The Commission shall cause this information promptly to be Published."

Condition

- 1.10.7.2 During the audit, we observed from a market price survey, for various commodities, conducted in three counties (Bassa, Margibi, and Nimba) that the specification of items listed on purchase orders and in bid documents were not explicit: the brands, sizes, grades, models etc for most commodities were not specified. As a result, performing a reconciliation between the prices of commodities of items purchased to the current market value was not feasible.

Cause

- 1.10.7.3 The incomprehensive cataloguing of details of commodities purchased resulted in to the condition observed above.

Risk

- 1.10.7.4 Management may purchase items above current market prices.
- 1.10.7.5 Commodities or services budgeted and paid for may not have been received. This may lead to misappropriation of the project funds.

Recommendation

- 1.10.7.6 Management should comprehensively catalogue the specifications of commodities or services procured on the bid documents, purchase orders, payment vouchers, goods received notes and other relevant supporting documents. The County Health Services Administrator and the Compliance Officer should review the documentation and specifications of goods and services catalogued on the documents mentioned above and validate for completeness and accuracy before approval.
- 1.10.7.7 Management should facilitate the conduct of market price survey before commencement of procurement activities.
- 1.10.7.8 Subsequently, the Compliance Officer should conduct periodic market survey of goods and services procured to current market value. Variances identified should be investigated and adjusted for future transactions.

- 1.10.7.9 Evidence of market price surveys conducted should be adequately documented and filed to facilitate future review.

Management's Response

- 1.10.7.10 *We acknowledge this audit finding and the MOH will implement the recommendations for system improvement.*

Auditor General's Position

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