



Management Letter

On The Financial Statement Audit of the Health Partnership Project of the Ministry of Health

For the Period ended December 31, 2022



Promoting Accountability of Public Resources

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

Monrovia, Liberia
November 2024

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS	6
1.1	Financial Issues.....	6
1.2	Nimba County Health Team.....	6
1.2.1	Inventory Management Non-Medical and Medical Supplies Irregularities	6
1.2.2	Third Party Payments.....	8
1.2.3	Wrong Posting of Transactions.....	10
1.2.4	Fuel and Communication Cards Discrepancies.....	11
1.3	Grand Gedeh County Health Team	13
1.3.1	Payment Documentation Irregularity.....	13
1.3.2	Purchases made without Contract	15
1.3.3	Third Party Payments.....	16
1.3.4	Inventory Management Non-Medical Supplies Irregularities	18
1.4	Bong County Health Team.....	19
1.4.1	Inventory Management Medical and Non-Medical Supplies Irregularities	19
1.4.2	Inappropriate Procurement Method.....	22
1.4.3	Fuel and Communication Cards Discrepancies.....	23
1.5	Lofa County Health Team	26
1.5.1	Inventory Management Non-Medical and Medical Supplies Irregularities	26
1.5.2	Purchases made without Contract	28
1.5.3	Third Party Payments.....	29
1.5.4	Fuel and Gas Discrepancies.....	31
1.6	Margibi County Health Team (MCHT).....	33
1.6.1	No Evidence of Bidding Process	33
1.6.2	Inventory Management Non-Medical and Medical Supplies Irregularities	35
1.6.3	Third Party Payments.....	37
1.6.4	Fuel and Gas Discrepancies.....	39
1.7	Grand Bassa County Health Team	41
1.7.1	Procurement Splitting.....	41
1.7.2	No Warehouse for Non-Medical Supplies	43
1.7.3	Third Party Payments.....	44

1.8	Grand Cape Mount County Health Team	46
1.8.1	Inventory Management Non-Medical Supplies Irregularities	46
1.8.2	Purchases made without Contract	47
1.8.3	Fuel and Gas Discrepancies.....	49
1.8.4	Third Party Payments.....	51
1.9	River Gee County Health Team.....	53
1.9.1	Purchases made without Contract	53
1.9.2	Inventory Management Non-Medical Irregularities	54
1.9.3	Third Party Payments.....	55
1.9.4	Fuel and Gas Discrepancies.....	57
1.9.5	FARA Central Office	59
1.10	General Internal Controls and Compliance Findings (ALL CHTs).....	60
1.10.1	FARA Project Compliance Officers.....	60
1.10.2	Goods Received Note Discrepancies	62
1.10.3	Fixed Assets Irregularities	63
1.10.4	Retroactive Procurement Contracting.....	65
1.10.5	Incomplete Information on Procurement Documentation.....	66

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
MOF	Ministry of Finance & 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 MOH Health Partnership Project for the period ended December 31, 2022.

The audit of the financial statements of the MOH Health Partnership Project for the period ended December 31, 2022 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 Health Partnership Project for the fiscal period ended December 31, 2022 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.

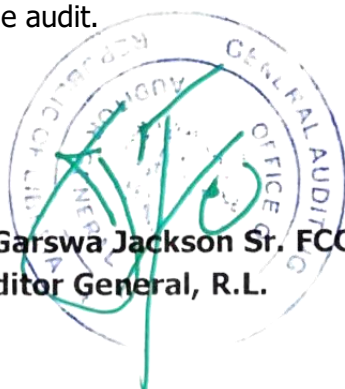
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

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

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

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the MOH/Health Partnership Project 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 and 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 medical inventory amounting to US\$39,846.00 at the Nimba County Health Team had no evidence of three or more authorised persons signing goods received notes for both medical and non-medical inventory. **See table 1 below.**

Table 1: Inventory Management Supplies Irregularities

Voucher No.	Date	Description	Cost USD
NCHT-00252-2022	8/9/2022	purchase of medical consumables/ supplies	9,998.00
NCHT-00239-2022	8/31/2022	purchase of medical consumables/ supplies	9,942.00
NCHT-PV-00182-2022	7/20/2022	Disbursement of funds for cleaning materials	9,976.00
NCHT-PV-00207-2022	10/8/2022	Purchase of Stationery and supplies	9,930.00
Total			39,846.00

- 1.2.1.5 Also, we observed that some items listed in the sample voucher above had inventory balance that could not be confirm due to inaccurate updates to the bin cards in the store room for medical supplies.

Cause

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

Risk

- 1.2.1.7 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.
- 1.2.1.8 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

- 1.2.1.9 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 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.
- 1.2.1.10 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.
- 1.2.1.11 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 filed to facilitate future review.
- 1.2.1.12 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.2.1.13 *We acknowledge the audit recommendations. Going forward, management will ensure the establishment of a control such that at least three authorized staff valid the receipt and distribution of drugs at the CHT Level.*

Auditor General's Position

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

1.2.2 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\$85,781.00 were paid to various individuals for onward distributions. **See table 2 below.**

Table 2: Third party payments

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
06/09/2022	Paul O Zwuogbae	NCHT-PV-00246-2022	1599551	Payment for Facilities performance bonus under the G2G program for the quarter of January to March 2022	37,591.98
20/04/2022	FELTON M GWEH	NCHT-PV-00079-2022	1524991	Payment for facility staff in the various facilities for October to December 2021	16,114.74
21/11/2022	Paul O Zwuogbae	NCHT-PV-00332-2022	26061	Payment of DSA for 19 CHT Staff and 4 Drivers that are participating in 6 days FARA G2G County Planning in Ganta under Health Partnership project from November 21-26, 2022	8,460.00
15/07/2022	Paul O Zwuogbae	NCHT-PV-00177-2022	1599490	Payment of support for Joint supportive supervision from April to June 2022	7,065.00
09/08/2022	FELTON M GWEH	NCHT-PV-00201-2022	1599513	Payment of DSA for quarterly district contraceptive campaign for quarter 2 April to June 2022	4,920.00

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
18/03/2022	FELTON M GWEH	NCHT-PV-00077-2022	1524989	Payment of administrative Bonus for the period of July to September 2020.	4,574.41
11/05/2022	FELTON M GWEH	NCHT-PV-00119-2022	1599451	Payment of DSA for County Data Validation for quarter 1 January to March 2022	3,500.00
09/08/2022	FELTON M GWEH	NCHT-PV-00202-2022	1599514	Payment of DSA for district support for reports collection and DATA validation for 42 staff of DHT under the partnership project for quarter 2 April to June 2022.	3,375.00
29/12/2022	Angeline Beangar	NCHT-PV-00441-2022	26130	Payment for Electricity support for Tappita DHT office for the period sept. to December 2022	180.00
Total					85,781.13

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, but has put in place a direct mobile money payment to all beneficiaries to 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 Wrong Posting of Transactions

Criteria

- 1.2.3.1 Section 1.3.27 of IPSAS Cash Basis of Accounting requires that "financial statements shall present information that is: (a) Understandable; (b) Relevant to the decision-making and accountability needs of users; (c) A faithful representation of the cash receipts, cash payments and cash balances of the entity and the other information disclosed in the financial statement in that it is: (i) Complete; (ii) Neutral and (iii) Free from material error;"

Condition

- 1.2.3.2 During the audit, we observed the following discrepancies associated with the posting of transactions by Management:
- The amount of US\$6,805.00 was recorded in fiscal year 2022 but the related check was written in fiscal year 2023 for payment to Lonestar Cell MTN mobile money for onward distribution.
 - Check was issued in January 2023 for work to be performed from March to June 2023; however, the transactions was recorded in December 2022. This was a payment of US\$3,750.00 to Lonestar Cell MTN for mobile money onward distribution

Cause

- 1.2.3.3 Failure to ensure that transactions are accurately recorded in the period for which they pertain to resulted in the situation above.

Risk

- 1.2.3.4 The completeness, occurrence and accuracy of expenditures may not be assured; therefore, the financial statements may be misstated.
- 1.2.3.5 Transactions may be recorded in the wrong accounting period; thereby leading to misstatement of expenditure and subsequently the financial statements.

Recommendation

- 1.2.3.6 Management should adjust the financial statements by ensuring that the expenditure is recorded in the correct accounting period.
- 1.2.3.7 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, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.

- 1.2.3.8 Management should perform monthly reconciliations among the payment vouchers, checks, cash book/ledgers and bank statements to ensure that all transactions are comprehensively recorded in the correct accounting period. Gaps identified should be investigated and adjusted where applicable in a timely manner.
- 1.2.3.9 Evidence of periodic reconciliation should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.3.10 *We acknowledge the audit recommendations. Considering that almost of all of the transactions mentioned are DSA related, we are pleased to inform you that we have taken significant steps towards this by the introduction of mobile money for the payment of all DSA and other related payments to avoid the issue of third parties payment.*

Auditor General's Position

- 1.2.3.11 Management assertion did not adequately address the issues raised. Management did not adjust the financial statements as recommended. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2.4 Fuel 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\$8,636.00 and US\$1,565.00 respectively, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 3a & 3b below.**

Table 3A: Fuel

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
20/05/2022	25,265	25,265	-	6.80	0.00
31/08/2022	6,010	4,740	1,270	6.80	8,636.00
29/12/2022	14,290	14,290	-	6.80	0.00
Total	45,565	44,295	1,270		8,636.00

Table 3B: 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
24/05/2022	1,830.00	1,645.00	185	5.00	925.00
24/05/2022	1,830.00	1,702.00	128	5.00	640.00
10/08/2022	1,830.00	1,830.00	-	5.00	0.00
21/04/2022	1,826.00	1,826.00	-	5.00	0.00
Total	7,316	7,003	313		1,565.00

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 total gallons of fuel procured as at August 31, 2022 as established from our record is 5,700 gallons and not 6,010 gallons as indicated in the draft audit write up, the total of 5,700 gallons was distributed as per the fuel distribution log. As it relates to scratch cards, said amount of communication cards were purchased and distributed to its end users as the distribution list are attached to our payment vouchers. We are again resubmitting all concern vouchers for review. We also take note of your recommendation regarding the establishment of consumption policy in fuel and scratch cards.*

Auditor General's Position

- 1.2.4.10 We acknowledge Management's subsequent provision of documents after our audit execution to substantiate the total of 5,700 gallons purchased and distributed as asserted. 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.
- 1.2.4.11 The documents subsequently provided by Management relative to communication cards procured and distributed did not address our variances observed. Therefore, we maintain our findings in this regard.
- 1.2.4.12 We will follow-up on the implementation of our recommendation during subsequent audit.

1.3 Grand Gedeh County Health Team

1.3.1 Payment Documentation Irregularity

Criteria

- 1.3.1.1 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

- 1.3.1.2 During the audit, we observed that Management issued a purchase order on May 26, 2022; however, delivery note was dated February 12, 2022 for payment of US\$2,789.98 prior to the issuance of the purchase order. **See table 4 below.**

Table 4: Payment Irregularity

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
07/06/2022	Bill Payment	AAA filing station	GGCHT-PV-00090-2022	478034	Gasoline Support for RED & REP (MCH / EPI Outreach)	2,789.98

Cause

- 1.3.1.3 Failure to properly account for transactions at each stage of the purchase cycle resulted in the situation above.

Risk

- 1.3.1.4 Failure to ensure that documentation is generated in line with the purchase cycle may lead to non-compliance with internal controls, laws and regulations.
- 1.3.1.5 Management may circumvent the procurement processes and value for money may be impaired.
- 1.3.1.6 Goods received may not be consistent with the required quantities and specifications as catalogued in the approved procurement plan.

Recommendation

- 1.3.1.7 Going forward, Management should ensure that all procurement documentation is prepared in the chronology consistent with the purchase cycle, the PPC Act of 2005 as amended and restated in 2010 and the PFM Regulations. All previous documentation should be adequately approved before the commencement of the next phase of procurement.
- 1.3.1.8 Evidence of all procurement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.1.9 *The GGCHT through the Ministry of health reached a contractual agreement with the vendor, AAA Filing Station, to supply the CHT with petroleum products and lubricants. Under said contract, the CHT is opportune to be supplied on credit, prior to receipt of funding for payment. With said agreement in place, the GGCHT took US\$2,789.98 fuel products to support for RED & REP (MCH / EPI Outreach) and later paid when the funding was received on the June 26, 2022*

Auditor General's Position

- 1.3.1.10 Management's assertions did not adequately address the issue raised. The purchase order should be prepared prior to the delivery of the product consistent with the purchase cycle, the PPC Act of 2005 as amended and restated in 2010 and the PFM Regulations. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 Purchases made without Contract

Criteria

- 1.3.2.1 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

- 1.3.2.2 During the audit, Management did not submit procurement documents for all the planned procurement activities for the Grand Geddeh County. The total of US\$228,922.77 was spent on goods and services without evidence of a contract.

Cause

- 1.3.2.3 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

- 1.3.2.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.3.2.5 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.
- 1.3.2.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.3.2.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.3.2.8 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.
- 1.3.2.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.2.10 *During the audit, all the bid documents and contracts were at the central Ministry of Health. We have attached all for review.*

Auditor General's Position

- 1.3.2.11 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.

1.3.3 Third Party Payments

Criteria

- 1.3.3.1 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."
- 1.3.3.2 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:
- 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

- 1.3.3.3 During the audit, we observed that transactions amounting to US\$11,265.00 were paid to an individual for onward distributions. **See table 5 below.**

Table 5: Third Party Payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
10/09/2022	Check	Victor Gee	GGCHT-PV-00181-2022	478106	EPI/MCH outreach activities quarter three(3)	5,820.00
10/09/2022	Check	Victor Gee	GGCHT-PV-00177-2022	478102	Conduct district data validation quarter three(3)	3,240.00
08/12/2022	Check	Victor Gee	GGCHT-PV-00246-2022	499863	DSA payment for County quarterly JISS for quarter-4, 2022	900.00
10/09/2022	Check	Victor Gee	GGCHT-PV-00171-2022	478096	Konobo district medical outreach supervisors per diem quarter three(3)	540.00
08/12/2022	Check	Victor Gee	GGCHT-PV-00242-2022	499859	Transportation and Accommodation Reimbursement for	390.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
					District QRM participants for quarter-4, 2022	
08/12/2022	Check	Victor Gee	GGCHT-PV-00237-2022	499854	Lunch support for EHT supervisors monitoring WASH activities across the County (for Quarter-4, 2022), 2022, (G2G Q1)	375.00
Total						11,265.00

Cause

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

Risk

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

Recommendation

- 1.3.3.7 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.
- 1.3.3.8 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

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

Auditor General's Position

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

1.3.4 Inventory Management Non-Medical Supplies Irregularities

Criteria

- 1.3.4.1 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."
- 1.3.4.2 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."
- 1.3.4.3 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

- 1.3.4.4 During the audit, we were unable to review inventory management over non-medical inventory due to the nonexistence of controls over the warehouse that stores non-medical inventories.

Cause

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

Risk

- 1.3.4.6 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.
- 1.3.4.7 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

- 1.3.4.8 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.

- 1.3.4.9 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.
- 1.3.4.10 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.
- 1.3.4.11 A post review of the inventory record should be performed periodically by the Compliance Officer.
- 1.3.4.12 Management should ensure that all audit recommendations are fully implemented.

Management's Response

- 1.3.4.13 *The GGCHT has initiated an automated inventory management system, the system can now accurately do recording of inventories such as; current stock balance, reordering level, stock-out level and etc. Also, a periodic stock taking of inventories is on-going at the CHT warehouses. Our team is at the same time doing recording of all inventories.*

Auditor General's Position

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

1.4 Bong County Health Team

1.4.1 Inventory Management Medical and Non-Medical Supplies 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."
- 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

1.4.1.3 During the audit, we observed the following discrepancies from a sample of medical and non-medical supplies totalling US\$27,940.00:

- GRN and Delivery notes were not signed by warehouse supervisor, logistics officer, and compliance officer for both medical and non-medical supplies. **See table below:**
- For some items on vouchers number #BCHT-PV-00239-2022 and #BCHT-PV-00136-2022 for non-medical items, accuracy of the inventory closing balance as inspection of the stock cards showed that items were not recorded.
- The number of items received by the warehouse is different from the amount indicated on the Goods received and delivery notes for injection ampicillin 500mg on voucher number #BCHT-PV-00113-2022. Despite this, calculations showed an accurate inventory closing balance which does not corroborate with the source documents for medical supplies. **See table 6 below.**

Table 6: Inventory Management Medical and Non-Medical

Voucher No.	Date	Description	Amount US\$
BCHT-PV-00239-2022	12/27/2022	Purchase of cleaning materials	9,990.00
BCHT-PV-00136-2022	09/11/2022	Purchase of cleaning materials	9,950.00
BCHT-PV-00113-2022	8/16/2022	purchase of drugs and medical supplies	8,000.00
Total			27,940.00

Cause

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

Risk

1.4.1.5 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.

1.4.1.6 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

- 1.4.1.7 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 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.
- 1.4.1.8 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.
- 1.4.1.9 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.
- 1.4.1.10 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.4.1.11 *Management acknowledges that during the audit period, the BCHT warehouse manager was frequently absent from the office and subsequently resigned. The assistant manager was responsible for maintaining documents, intending to have the warehouse manager sign them before distributing to other parties, a process that was not completed until the audit. However, the essential documents (GRN & Delivery note) were ultimately signed to ensure the legitimacy of the transactions. Relevant documents are available for verification.*
- 1.4.1.12 *The absence of the warehouse manager posed challenges in accurately recording received goods, leading to difficulties for the assistant warehouse officer. Consequently, BCHT recruited a competent staff member to fill the position and effectively manage warehouse operations going forward. Attached is an email sent Central Ministry which is responsible for employment has sent.*

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.

1.4.2 Inappropriate Procurement Method

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 observed that the procurement of communications cards totalling US\$15,340.00 was made during the period using Request for Quotations (RFQ) method rather than through a National Competitive Bidding as the RFQ threshold of US\$10,000.00 was exceeded. **See table 12 below.**

Cause

- 1.4.2.3 The usage of a procurement method non-compliant with the PPC ACT resulted in the situation above.

Risk

- 1.4.2.4 Management may be non-compliant with the required procurement method, National Competitive Bidding (NCB) and the PPC Act of 2005 as amended and restated in 2010.
- 1.4.2.5 In the non-usage of the required procurement method, value for money may not be achieved.

Recommendation

- 1.4.2.6 Going forward, Management should facilitate comprehensive review of the annual procurement plan before subsequent approval to ensure that the procurement methods per transactions catalogued therein are consistent with the PPC Act of 2005 as amended in restated in 2010.
- 1.4.2.7 Management should facilitate full compliance with the PPC Act of 2005 as amended and restated in 2010 and usage of the required procurement method during the execution of all procurement transactions to ensure value for money is achieved. All previous documentation should be adequately approved before the commencement of the next phase of procurement.

Management's Response

- 1.4.2.8 *Management utilized two procurement methods, namely National Competitive Bid (NCB) and Restricted Bid (RB), during the procurement process for the reviewed period. However, the vendors to whom the bids were extended did not respond. Consequently, a note was placed on the file indicating the lack of responding process. Please refer to the attached documents for further details and evidence.*

Auditor General's Position

- 1.4.2.9 Management's assertion is not backed by the PPC Act of 2005 as amended and restated in 2010. Management should have re-launched the procurement process or alternatively ensured a 'no objection' is obtained from the PPCC before proceeding to use RFQ for amounts exceeding the US\$10,000 RFQ threshold. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4.3 Fuel and Communication Cards Discrepancies

Criteria

- 1.4.3.1 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

- 1.4.3.2 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\$20,913.90 and US\$2,635.00 respectively, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 7a & 7b below**

Table 7A: Analysis of variance in Fuel distribution

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
Apr-22	2,091	1,946	145	6.00	870.00
Apr-22	1,800	1,800	-	6.00	0.00
Jun-22	905	905	-	6.00	0.00
Jun-22	2,161	2,161	-	6.00	0.00
Jun-22	488	1,020	(532)	6.00	-3,192.00
Jun-22	1,500	1,541	(41)	6.00	-246.00
Jun-22	494	698	(204)	6.00	-1,224.00
Aug-22	22	-	22	7.80	171.60
Aug-22					-10,912.20

*Management Letter on the Financial Statement Audit of the
Health Partnership Project/Ministry of Health
For the period ended December 31, 2022*

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
	1,282	2,681	(1,399)	7.80	
Aug-22	951	-	951	7.80	7,417.80
Aug-22	1,034	1,034	-	7.80	0.00
Aug-22	1,035	1,035	-	7.80	0.00
Sep-22	19	-	19	7.80	144.30
Sep-22	1,280	1,280	-	7.80	0.00
Sep-22	1,280	633	647	7.80	5,046.60
Sep-22	1,280	1,280	-	7.80	0.00
Sep-22	1,280	1,280	-	7.80	0.00
06/10/2022	1,280	1,280	-	7.80	0.00
Oct-22	1,280	1,280	-	7.80	0.00
Oct-22	1,280	1,280	-	7.80	0.00
Oct-22	1,280	1,280	-	7.80	0.00
Dec-22	1,388	1,388	-	6.00	0.00
Dec-22	1,393	789	604	6.00	3,624.00
Dec-22	1,388	834	554	6.00	3,324.00
Dec-22	278	120	158	6.00	949.80
Dec-22	1,611	1,213	398	6.00	2,388.00
Dec-22	1,611	1,130	481	6.00	2,886.00
Dec-22	1,611	1,611	-	6.00	0.00
Dec-22	1,388	1,388	-	6.00	0.00

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
Dec-22	1,388	1,388	-	6.00	0.00
Dec-22	1,611	1,611	-	6.00	0.00
Dec-22	1,393	1,393	-	6.00	0.00
Dec-22	1,611	-	1,611	6.00	9,666.00
Total	40,693	37,279	3,414		20,913.90

Table 7B: 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
24/05/2022	1,740.00	1,200	540.00	5.00	2700
19/12/2022	332.00	332	-	5.00	0
08/09/2022	126.00	109	17.00	5.00	85
11/08/2022	870.00	900	(30.00)	5.00	-150
Total	3,068	2,541	527		2,635.00

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 carried forward.

Management's Response

- 1.4.3.9 *Regarding Table 7A, Management acknowledged that some slips were misplaced during the audit due to the large volume of slips. However, after a comprehensive search, these slips have been found and are now accessible for review.*
- 1.4.3.10 *Concerning Table 7B, the utilization log and distribution log related to the highlighted variances in communication cards have been located post-audit and are ready for review.*
- 1.4.3.11 *In response to the recommendation, Management has taken steps to develop policies governing the storage, distribution, and use of petroleum products and communication cards. These policies are expected to be finalized by the end of May 2024.*

Auditor General's Position

- 1.4.3.12 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 findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5 Lofa County Health Team

1.5.1 Inventory Management Non-Medical and 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."
- 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

1.5.1.3 During the audit, we observed the following discrepancies from a sample of medical and non-medical supplies totalling US\$23,207.00:

- GRN and Delivery note were not signed by warehouse supervisor, logistics officer, and compliance officer for both medical and non-medical supplies. While voucher number LCHT-PV-00056-2022 did not have a GRN. **See table below:**
- For voucher number LCHT-PV-00056-2022 of non-medical supplies, we could not verify if goods were supplied or updated in the inventory records as requisition forms were not available and there was no evidence of goods being recorded on the stock cards.
- For most items of both medical and non-medical on the sample of vouchers review, we could not confirm the accuracy of inventory closing balances as goods received were not updated on the stock cards. **See table 8 below.**

Table 8: Inventory Management Non-Medical and Medical Supplies

Voucher No.	Date	Description	Amount US\$
LCHT-PV-00168 -2022	10/17/2022	purchase of Drugs and medical consumables	7,942.00
LCHT-PV-00151 -2022	10/02/2022	purchase of Drugs and medical consumables	8,515.00
LCHT-PV-0039-2022	4/22/2022	Spare parts for LCHT vehicles	4,300.00
LCHT-PV-00056-2022	05/12/2022	Purchase of office Stationery	2,450.00
Total			23,207.00

Cause

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

Risk

1.5.1.5 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.

1.5.1.6 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

1.5.1.7 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 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.

- 1.5.1.8 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.
- 1.5.1.9 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.
- 1.5.1.10 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management's Response

- 1.5.1.11 *We have attached the goods received notes and all supporting documents for your verification.*

Auditor General's Position

- 1.5.1.12 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.

1.5.2 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 Management procured cleaning materials from Tus Business Center for a single amount of US\$9,000.00 on voucher number LCHT-PV-00034-2022 without evidence of a RFQ or contract.

Cause

- 1.5.2.3 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

- 1.5.2.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.5.2.5 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.
- 1.5.2.6 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.5.2.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.5.2.8 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.
- 1.5.2.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

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

Auditor General's Position

- 1.5.2.11 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.

1.5.3 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 operation".

Condition

1.5.3.3 During the audit, we observed that transactions amounting to US\$54,262.50 were paid to various individuals for onward distributions. **See table 9 below.**

Table 9: Third party payments

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
08/01/2022	Simeon T Dunn	LCHT-PV-00003-2022	1580252	Payment for health facilities service delivery bonus	9,829.81
14/04/2022	Employee Expenses Payable	LCHT-PV-00033-2022	9592337	Payment for health facilities service delivery bonus	9,680.69
23/04/2022	Employee Expenses Payable	LCHT-PV-00042-2022	1580268	Payment for program activities	9,327.00
23/04/2022	Employee Expenses Payable	LCHT-PV-00044-2022	1580270	Payment for program activities	9,095.00
23/04/2022	Employee Expenses Payable	LCHT-PV-00043-2022	1580269	Payment for program activities	6,365.00
14/05/2022	Employee Expenses Payable	LCHT-PV-00057-2022	1580283	Payment for program activity	5,395.00
19/03/2022	Employee Expenses Payable	LCHT-PV-00026-2022	1580257	Payment for DSA for LCHT staff the check is in kermoh sheriff name	1,250.00
03/05/2022	Employee Expenses Payable	LCHT-PV-00049-2022	1580275	Payment of DSA for LCHT Staff	1,110.00
06/05/2022	Employee Expenses Payable	LCHT-PV-00052-2022	1580278	Payment for malaria world day celebration	810.00

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
14/05/2022	Employee Expenses Payable	LCHT-PV-00058-2022	1580284	Payment for program activity HR related issues	510.00
19/01/2022	Employee Expenses Payable	LCHT-PV-00008-2022	1580253	Payment for DSA for DHO attending FARA Meeting	490.00
22/01/2022	Employee Expenses Payable	LCHT-PV-00009-2022	1580254	Payment for DSA for LCHT staff	400.00
Total					54,262.50

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 payment 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 to all beneficiaries to resolve and avoid 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\$1,994.13, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 10 below.**

Table 10: Analysis of variance in Fuel distribution

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
14/10/2022	1,052	700	352	7.54	2,657.10
14/10/2022	1,052	1,165	(113)	7.54	(849.00)
14/10/2022	1,052	1,026	26	7.54	196.04
26/04/2022	1,902	1,904	(2)	5.00	(10.00)
Total	5,059	4,795	264		1,994.13

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 and gas consumption usage 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 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 carry forward.

Management's Response

- 1.5.4.9 *Management will establish and maintain a log of petroleum product consumption and distribution to help the entity manage costs and inform future purchases. We will also draft a policy on petroleum products.*

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 No Evidence of Bidding Process

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 Management did not submit bid documents for the procurement proceeding of a contract awarded to Bio-medical Link for assorted medical supplies. A total of US\$44,595.00 was purchased from Bio-medical Link for assorted materials during the period. **See table 11 below.**

Table 11: No Evidence of Bidding Process

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
12/10/2022	Bio-medical Link	MCHT-PV-00160-2022	89	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	8,890.00
12/10/2022	Bio-medical Link	MCHT-PV-00161-2022	90	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	9,445.00

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
12/10/2022	Bio-medical Link	MCHT-PV-00158-2022	87	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	7,500.00
12/10/2022	Bio-medical Link	MCHT-PV-00156-2022	85	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	8,400.00
12/10/2022	Bio-medical Link	MCHT-PV-00159-2022	88	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	5,810.00
12/10/2022	Bio-medical Link	MCHT-PV-00157-2022	86	Purchase of Medical and non-medical consumable and equipment for various facilities in margibi, from the FARA G2G Implementation activities in 2022 budget year. (Quarter 3 & 4)	4,550.00
Total					44,595.00

Cause

- 1.6.1.3 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

- 1.6.1.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.6.1.5 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.

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

Recommendation

- 1.6.1.7 Going forward, Management should ensure that all procurement documentation is prepared in the chronology consistent with the purchase cycle, the PPC Act of 2005 as amended and restated in 2010 and the PFM Regulations. All previous documentation should be adequately approved before the commencement of the next phase of procurement.
- 1.6.1.8 Evidence of all procurement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.1.9 *Management also wishes to notify you that the contract between the Margibi County Health Team and Bio-Medical Link was properly documented and signed by the requisite authorities. Kindly find attached a copy of the contract for your reference.*

Auditor General's Position

- 1.6.1.10 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. Therefore, we maintain our findings 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 amount to US\$24,804.00:

- No evidence of signature from the warehouse supervisor, compliance and logistics officers on delivery notes for non-medical supplies. No evidence of goods being updated in the inventory record as stock cards not available for both non-medical and medical inventories.
- No evidence of GRNs. Delivery notes were not signed by compliance warehouse supervisor, logistics officer or compliance officer. Delivery note appeared to have been duplicated and attached to voucher number MCHT-PV-00161-2022. No evidence of goods being updated in the inventory record. Stock cards were not made available for audit purpose.
- No evidence of GRNs. Delivery notes were available, however, they were not signed by warehouse supervisor, logistics officer or compliance officer. Delivery note may have been duplicated and attached to voucher number MCHT-PV-00156-2022. No evidence of goods being updated in the inventory record. Stock cards were not made available for audit purpose.
- Storeroom requisition forms and stock cards were not available for both medical and non-medical supplies for sample of voucher review.
- 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 12 below.**

Table 12: Inventory Management Non-Medical and Medical Supplies

Voucher No.	Date	Description	Amount US\$
MCHT-PV-00156-2022	10/12/2022	purchase of medical and non-medical consumables	8,400.00
MCHT-PV-00161-2022	10/12/2022	purchase of medical and non-medical consumables	9,445.00
MCHT-PV-00078-2022	6/23/2022	Purchase of assorted stationery and supplies	2,000.00
MCHT-PV-00245-2022	12/30/2022	Purchase of assorted sanitation materials for renovation of 4 health facilities	4,959.00
Total			24,804.00

Cause

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

Risk

- 1.6.2.6 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.
- 1.6.2.7 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

- 1.6.2.8 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.
- 1.6.2.9 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.
- 1.6.2.10 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 file to facilitate future review.
- 1.6.2.11 A post review of the inventory record should be performed periodically by the Compliance Officer.

Management Response

- 1.6.2.12 *The management of the Margibi County Health Team (MaCHT) hereby accepts that the necessary warehouse management policy was not adequately adhered to. However, the new management team, in line with the Ministry of Health (MOH), has put in place control measures that will help to mitigate future audit ramifications.*

Auditor General's Position

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

1.6.3 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:
- 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

- 1.6.3.3 During the audit, we observed that transactions amounting to US\$7,460.000 were paid to an individual for onward distributions. **See table 13 below.**

Table 13: Third Party Payments

Date	Payee	Employee	Voucher Number	check/Reference Number	Description	Credit
44855	Employee Expenses Payable	Roland M Reeves	MCHT-PV-00171-2022	100	Support for County Quarterly Performance Review Meeting (July, August and September 2022)	500.00
44837	Employee Expenses Payable	Roland M Reeves	MCHT-PV-00138-2022	67	Participants DSA payment for Environmental Compliance Training in Kakata, Margibi County	1,200.00
44855	Employee Expenses Payable	Roland M Reeves	MCHT-PV-00167-2022	96	Participants' DSA payment for District Quarterly Performance Review Meeting (July, August and September 2022)	1,440.00
44901	Employee Expenses Payable	Roland M Reeves	MCHT-PV-00207-2022	135	Transportation reimbursement for Integrated Outreaches for 24 Health Facilities (October - December 2022)	4,320.00
Total						7,460.00

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 system to all beneficiaries to resolve and avoid the issue of third-party payment.*

Auditor General's Position

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

1.6.4 Fuel and Gas Discrepancies

Criteria

- 1.6.4.1 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

- 1.6.4.2 During the audit, we performed a reconciliation between fuel quantity procured to quantity subsequently distributed and observed variances amounting to US\$2,766.00, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 14 below.**

Table 14: Analysis of variance in Fuel distribution

Period	Qty distributed as per store room release in (Gallons) A	Qty received per delivery note in (Gallons) B	Variance (Qty) C=A-B	Unit cost US\$ D	Amount US\$ E=D*C
May 30, 2022	3,587	3,324	263	6.00	1,578.00
May 30, 2022	3,766	3,568	198	6.00	1,188.00
September 27, 2022	247	247	-	7.00	0.00
Total	7,600	7,139	461		2,766.00

Cause

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

Risk

- 1.6.4.4 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption usage may not be assured.
- 1.6.4.5 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

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

Management's Response

- 1.6.4.9 *Management observed that no transactions were made on May 30, 2022, which resulted in a variance of 461 gallons of unexplained fuel usage.*
- 1.6.4.10 *Justification: After a careful review of the cash book for the period audited (January 1, 2022 – December 31, 2022), we observed that no transactions were reflected as indicated in the GAC findings. Secondly, the check stubs for the period audited showed no evidence of transactions, as mentioned in the GAC audit findings. These records may have been from another entity instead of Margibi CHT.*

Auditor General's Position

- 1.6.4.11 Management assertion does not adequately address the issue raised. Management made three purchases on the dates mentioned in the finding above as **seen in the table below**.

Date	Vendor	Voucher Number	Source	Amount US\$
May 30, 2022	God's Willing Inc	MCHT-PV-00065-2022	Cashbook/Net Suite	5,295.00
May 30, 2022	God's Willing Inc	MCHT-PV-00064-2022	Cashbook/Net Suite	5,400.00
September 27, 2022	God's Willing Inc	MCHT-PV-00122-2022	Cashbook/Net Suite	1,729.00
Total				12,424.00

- 1.6.4.12 Therefore, we maintain 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 Procurement Splitting

Criteria

- 1.7.1.1 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

- 1.7.1.2 During the audit, we observed that Management split the procurement of catering service that was awarded to Favor Mills Restaurant with Black and White Entertainment Center. **See Table 15 below.**

Table 15: Procurement Irregularity

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
22/09/2022	Bill Payment	Black and White entertainment center	GBCHT-PV-00233-2022	24176	Catering to conduct contraceptive day	1,500.00
22/09/2022	Bill Payment	Favor Mills Bar and Restaurant	GBCHT-PV-00227-2022	24170	Catering to conduct quarterly	480.00

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
					RHTC Meeting	
22/09/2022	Bill Payment	Favor Mills Bar and Restaurant	GBCHT-PV-00229-2022	24172	Catering to conduct quarterly county and district health board meeting	2,016.00
22/09/2022	Bill Payment	Favor Mills Bar and Restaurant	GBCHT-PV-00228-2022	24171	Catering to conduct monthly RHTC Meeting DHT	1,080.00
22/09/2022	Bill Payment	Favor Mills Bar and Restaurant	GBCHT-PV-00230-2022	24173	Catering to conduct M&E Technical meeting	1,800.00
Total						6,876.00

Cause

- 1.7.1.3 Failure to ensure adherence to the procurement laws resulted in the condition observed above.

Risk

- 1.7.1.4 Failure to ensure that contract management is adhere to in line with the procurement law may impair value for money.
- 1.7.1.5 Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010.

Recommendation

- 1.7.1.6 Management should facilitate full compliance with the PPC Act of 2005 as amended and restated in 2010 and utilize the required procurement method during the execution of all procurement transactions to ensure value for money is achieved.

Management's Response

- 1.7.1.7 *The contract for catering service under the FARA 2022 Agreement was divided into lots (Lots 1, 2, & 3). Lot 1& 2 was awarded to Favor Mills Restaurant while Lot 3 was awarded to Black and white Entertainment Center. Regarding the vouchers listed in the management Letter amounting to 6,876 USD, payment was made based on the two lots as per the contracts Signed.*

Auditor General's position

- 1.7.1.8 Management assertion is not backed by the PPC Act of 2005 as amended and restated in 2010. Management should not have split the bidding of catering services into lots as asserted. All procurement of goods and services should follow the required invitation to bid or provide quotations and each bid/quotation is reviewed by a bid review team and contract awarded to the most responsive bidders as recommended by the bid review team in line with the procurement laws. Bidders winning a contract can or may decide to sub-contract another entity at their discretion, to fulfil their contract terms. Management is in violation with the PPC Act of 2005 as amended and restated in 2010. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.7.2 No Warehouse for Non-Medical Supplies

Criteria

- 1.7.2.1 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

- 1.7.2.2 During the audit, we observed that the GBCHT does 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

- 1.7.2.3 Management failure to institute a warehousing system before requesting funds to be disburse resulted into the condition above.

Risk

- 1.7.2.4 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.
- 1.7.2.5 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

- 1.7.2.6 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.

- 1.7.2.7 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 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.
- 1.7.2.8 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable. All inventory records including records of stocktakes should be adequately documented and filed to facilitate future review.
- 1.7.2.9 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

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

Auditor General's Position

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

1.7.3 Third Party Payments

Criteria

- 1.7.3.1 Regulation B.28 of the PFM Act of 2009 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."
- 1.7.3.2 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:
- 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

- 1.7.3.3 During the audit, we observed that transactions amounting to US\$2,460.00 were paid to various individuals for onward distributions. **See table 16 below.**

Table 16: Third party payments

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
06/10/2022	Check	Jimmy T Yeamie	GBCHT-PV-00257-2022	24200	Payment of DSA to conduct quarterly and timely reporting in 25 public facilities	840.00
21/09/2022	Check	Comfort S. B Wiles	GBCHT-PV-00218-2022	24161	Payment of Transportation reimbursement to conduct monthly Reproductive Health Technical Meeting (RHTC) meeting for District Health Teams in Grand Bassa County	900.00
20/12/2022	Check	GABRIEL SESAY	GBCHT-PV-00338-2022	37167	Payment of DSA FOR data verification for district level data	720.00
Total						2,460.00

Cause

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

Risk

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

Recommendation

- 1.7.3.7 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.
- 1.7.3.8 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

- 1.7.3.9 *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

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

1.8 Grand Cape Mount County Health Team

1.8.1 Inventory Management Non-Medical Supplies Irregularities

Criteria

- 1.8.1.1 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

- 1.8.1.2 During the audit, we observed the following discrepancies from a sample of non-medical supplies totalling US\$15,280.00 for the below vouchers in **Table 17 below**:
- No evidence of goods updated in the inventory record. Stock cards were not made available for audit purposes.
 - No evidence of inventory supplied. Storeroom requisition forms and stock cards were not made available for audit purposes.
 - There accuracy of inventory closing balances could not be confirmed as there was no documentation (Stock cards) available to test the brought forward items, inventory received and supplied.

Table 17: Inventory Management Non-Medical Supplies

Voucher No.	Date	Description	Amount US\$
GCMCHT-PV-00231-2022	December 28, 2022	Purchase of building materials	3,970.00
GCMCHT-PV-00197-2022	December 6, 2022	Purchase of motor bikes spare parts	4,875.00
GCMCHT-PV-00178-2022	September 16,2022	purchase of cleaning materials	6,435.00
Total			15,280.00

Cause

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

Risk

- 1.8.1.4 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.
- 1.8.1.5 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

- 1.8.1.6 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.
- 1.8.1.7 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.
- 1.8.1.8 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.
- 1.8.1.9 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

- 1.8.1.10 *We have attached the three vouchers with all necessary supporting documents.*

Auditor General's Position

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

1.8.2 Purchases made without Contract

Criteria

- 1.8.2.1 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

- 1.8.2.2 During the audit, we observed that Management made several payments amounting to US\$12,465.00 without evidence of a procurement conducted to ensure compliance to the PPC Act of 2005 as amended and restated in 2010. **See table 18 below.**

Table 18: Procurement Irregularities

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Debits	Credits
06/12/2022	Bill Payment	Jadik Investment Auto Parts Supply	GCMCHT-PV-00197-2022	563641	Purchase of motorbikes spare parts for County bikes		4,875.00
28/12/2022	Bill Payment	Universal Business Center Crop. Inc.	GCMCHT-PV-00231-2022	563675	Purchase of assorted building materials for health facilities rehabilitation		3,970.00
09/08/2022	Bill Payment	LR and Sons	GCMCHT-PV-00112-2022	526148	Purchase of communication cards for supervisors		1,620.00
02/09/2022	Bill Payment	LR and Sons	GCMCHT-PV-00156-2022	526191	Purchase of communication cards for supervisors health facilities		2,000.00
Total							12,465.00

Cause

- 1.8.2.3 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

- 1.8.2.4 Failure to adhere to procurement laws may lead to the non-achievement of value for money.
- 1.8.2.5 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.

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

Recommendation

- 1.8.2.7 Management should account for the above transactions by providing all bid documents and approved contracts to justify the legitimacy of the transactions.
- 1.8.2.8 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.
- 1.8.2.9 Evidence of approved contracts should be adequately documented and filed to facilitate future review.

Management's Response

- 1.8.2.10 *We have attached all procurement documentation to justify/prove that procurement processes were followed in accordance with the PPC Law of Liberia.*

Auditor General's Position

- 1.8.2.11 We acknowledge Management subsequent submission of some requested documents, including payment vouchers 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 findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.8.3 Fuel and Gas Discrepancies

Criteria

- 1.8.3.1 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

- 1.8.3.2 During the audit, we performed a reconciliation between fuel quantity procured to quantity subsequently distributed and observed variances amounting to US\$98,670.82, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 19 below.**

Table 19: Analysis of variance in Fuel distribution

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
May	4,454.00	4,626.90	-172.90	6.00	26,724.00
August	2,251.00	2,340.00	-89.00	7.20	16,207.20
September	6,064.00	6,498.20	-434.20	6.00	36,384.00
October	707.00	353.00	354.00	5.66	4,001.62
December	2,559.00	2,000.00	559.00	6.00	15,354.00
Total	16,035.00	15,818.10	216.90		98,670.82

Cause

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

Risk

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

Recommendation

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

Management's Response

- 1.8.3.9 *We have re-created table 19 (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.*

Grand Cape Mount County fuel analysis for fiscal year 2022					
Period	Qty Received per Delivery note in gallons	Qty Distributed as per Store room Released in gallons	Variance C=A-B	Unit Cost USD\$ D	Amount USD\$ E=C*D
May	3,876.90	3,875	1.90	6	11.4

Grand Cape Mount County fuel analysis for fiscal year 2022					
Period	Qty Received per Delivery note in gallons	Qty Distributed as per Store room Released in gallons	Variance C=A-B	Unit Cost USD\$ D	Amount USD\$ E=C*D
August	2,240	2,240	0.00	6.9	-
September	3,332.66	3,326	6.66	6	39.96
October	353.356	351	2.36	5.66	13.33
December	2,000	2,000	0.00	6	-
	11,802.92	11,792			64.69

Auditor General's Position

- 1.8.3.10 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.

1.8.4 Third Party Payments

Criteria

- 1.8.4.1 Regulation B.28 of the PFM Act of 2009 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."
- 1.8.4.2 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

- 1.8.4.3 During the audit, we observed that transactions amounting to US\$17,435.00 were paid to an individual for onward distribution to various individuals and entities. **See table 20 below.**

Table 20: Third party payments

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
23/04/2022	Kpadeh	GCMCHT-PV-00029-	451850	Fund for Contraceptive	2,280.00

Date	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
	Kollie	2022		Outreach for january - March 2022	
25/04/2022	Kpadeh Kollie	GCMCHT-PV-00036-2022	451857	Fund for netsuite Refresher training	1,330.00
07/12/2022	Kpadeh Kollie	GCMCHT-PV-00217-2022	563661	Fund for County Review meeting for Q4	2,000.00
01/09/2022	Kpadeh Kollie	GCMCHT-PV-00145-2022	526180	Fund to Conduct quarterly Health Fare including Nutrition, Malaria, family Planning, HIV/AIDS Testing and EPI) in the Health District from April-Sept. 2022	450.00
01/06/2022	Hawa K Karva	GCMCHT-PV-00065-2022	526119	Fund for reproductive Health Technical working Group	1,095.00
01/09/2022	Kpadeh Kollie	GCMCHT-PV-00141-2022	526176	Fund for District Review Meeting for July-Sept. 2022	2,670.00
27/04/2022	Kpadeh Kollie	GCMCHT-PV-00043-2022	526108	Fund for administrative supervision for January-march 2022	330.00
05/08/2022	Hawa K Karva	GCMCHT-PV-00089-2022	526138		5,000.00
01/09/2022	Kpadeh Kollie	GCMCHT-PV-00128-2022	526163	fund to conduct quarterly Vit-A, Deworming and micronutrient Outreach for July-sept 2022	2,280.00
Total					17,435.00

Cause

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

Risk

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

Recommendation

- 1.8.4.7 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.

- 1.8.4.8 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

- 1.8.4.9 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 resolve and avoid the issue of third-party payment.

Auditor General's Position

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

1.9 River Gee County Health Team

1.9.1 Purchases made without Contract

Criteria

- 1.9.1.1 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

- 1.9.1.2 During the audit, Management did not provided evidence of procurement processes for the following transactions. **See table 21 below.**

Table 21: Procurement Irregularities

Procurement Activity	Planned Method	Estimated Amount US\$
Event Catering	Restricted Bidding	47,140.00
Scratch Cards	Restricted Bidding	11,130.00
Repairs & Maintenance – Civil	National Competitive Bidding	37,710.92
Total		96,980.92

Cause

- 1.9.1.3 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

- 1.9.1.4 Management may be non-compliant with the PPC Act of 2005 as amended and restated in 2010.
- 1.9.1.5 Failure to adhere to procurement laws may lead to the non-achievement of value for money.

- 1.9.1.6 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.
- 1.9.1.7 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.9.1.8 Management should facilitate full compliance with the PPC Act of 2005 as amended and restated in 2010 and usage of the required procurement method during the execution of all procurement transactions to ensure value for money is achieved. All previous documentation should be adequately approved before the commencement of the next phase of procurement.
- 1.9.1.9 Evidence of all procurement records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.9.1.10 *We acknowledge the audit findings. The contracts for catering and scratch cards documents are available. Please find attached to payment vouchers, which contain the contracts.*

Auditor General's Position

- 1.9.1.11 Management assertion was not backed by documentary evidence. Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.9.2 Inventory Management Non-Medical Irregularities

Criteria

- 1.9.2.1 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

- 1.9.2.2 During the audit, we observed that a non-medical supplies GRNs and delivery notes were not signed by warehouse supervisor. Brake shoes, engine oil, Grease and fan belt amounting to US\$635.00 were not seen recorded on the stock cards.

Cause

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

Risk

- 1.9.2.4 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.
- 1.9.2.5 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

- 1.9.2.6 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.
- 1.9.2.7 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 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.
- 1.9.2.8 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.
- 1.9.2.9 A post review of the inventory records should be performed periodically by the Compliance Officer.

Management's Response

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

Auditor General's Position

- 1.9.2.11 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.

1.9.3 Third Party Payments

Criteria

- 1.9.3.1 Regulation B.28 of the PFM Act of 2009 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."

1.9.3.2 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 operation".

Condition

1.9.3.3 During the audit, we observed that sample transactions amounting to US\$9,784.04 were paid to an individual for onward distribution to various individual and businesses. **See table 22 below.**

Table 22: Payments to third parties

Date	Type	Payee	Voucher Number	check/Reference Number	Description	Amount US\$
29/08/2022	Check	Chris G Kamata	RGCHT-PV-00105-2022	1431130	Payment for performance base financing Jan-March 2022 bonus to facilities and staff-FARA Project	7,274.04
16/08/2022	Check	Chris G Kamata	RGCHT-PV-00103-2022	1431129	payment for lunch during monthly integrated outreach.	2,160.00
16/08/2022	Check	Chris G Kamata	RGCHT-PV-00100-2022	1431126	payment for snack and transportation for RHTC meeting.	350.00
Total						9,784.04

Cause

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

Risk

1.9.3.5 Paying cash to employees for subsequent disbursement or to individuals may facilitate misappropriation of funds.

1.9.3.6 Third party payments may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

1.9.3.7 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.

- 1.9.3.8 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

- 1.9.3.9 We acknowledge this audit finding for the period under review, but has put in place a direct mobile money payment to all beneficiaries to void or resolve the issue of third-party payment.

Auditor General's Position

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

1.9.4 Fuel and Gas Discrepancies

Criteria

- 1.9.4.1 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

- 1.9.4.2 During the audit, we performed a reconciliation between fuel quantity procured to quantity subsequently distributed and observed variances amounting to US\$20,048.00, see table below. Also, there was no evidence of balances brought forward and carried forward. **See tables 23 below.**

Table 23: Analysis of variance in fuel distribution

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
21/04/2022	2,000	2,000	-	7.00	0.00
22/04/2022	2,060	2,060	-	5.00	0.00
21/04/2022	600	600	-	5.00	0.00
21/04/2022	616	-	616	8.00	4,928.00
31/08/2022	1,200	-	1,200	8.00	9,600.00
05/08/2022	1,190	1,190	-	6.00	0.00
31/08/2022	1,000	1,000	-	7.50	0.00
04/08/2022	1,650	885	765	6.00	4,590.00
05/08/2022	750	750	-	6.00	0.00
31/08/2022	1,300	1,297	3	7.50	22.50
31/08/2022	690	690	-	8.00	0.00

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
31/08/2022	666	666	-	7.50	0.00
06/08/2022	333	323	10	6.00	60.00
06/09/2022	138	138	-	5.00	0.00
22/09/2022	500	500	-	7.50	0.00
03/10/2022	600	600	-	7.50	0.00
11/10/2022	240	240	-	8.00	0.00
03/10/2022	400	307	93	7.50	697.50
03/10/2022	460	440	20	7.50	150.00
29/11/2022	160	160	-	6.50	0.00
Total	16,553	13,846	2,707		20,048.00

Cause

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

Risk

- 1.9.4.4 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption may not be assured.
- 1.9.4.5 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

- | | |
|---------|--|
| 1.9.4.6 | Management should develop, approve and operationalize petroleum consumption policy to regulate the procurement, storage, distribution and reporting of fuel. |
| 1.9.4.7 | Management should maintain petroleum products consumption and distribution logs to aid the entity manage cost and inform future purchase. |
| 1.9.4.8 | Management should perform periodic reconciliation between the fuel procured and distributed. Differences observed should be adequately documented and carried forward. |

Management's Response

- 1.9.4.9 *Well, noted. We have attached all necessary liquidation documents for review.*

Auditor General's Position

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

1.9.5 FARA Central Office

Non Remittance of Taxes Withheld

Criteria

- 1.9.5.1 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:
- 1.9.5.2 "(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 nonresident 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.
- 1.9.5.3 (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

- 1.9.5.4 During the audit, we observed that Management did not provide flag receipt as evidence of remittance of withholding taxes from contracted employees of US\$48,030.00 for the 12 months period January to December 2022.

Cause

- 1.9.5.5 Management inability to ensure compliance to the law resulted into the condition observed.

Risk

- 1.9.5.6 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.9.5.7 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

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

- 1.9.5.9 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

- 1.9.5.10 *Full taxes were remitted for the period under review, but not within ten days. Going forward, management will remit taxes in a timely manner as stated in the PFM Act. The remittance document is attached.*

Auditor General's Position

- 1.9.5.11 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.
- 1.9.5.12 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 note as evidence of inspection of goods delivered.

- Signing of cash payment listing as evidence of his/her verification of payments for various program activities.
- Signing 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.

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

Cause

1.10.1.5 Management continuous 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 Officers fully functional.*

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."

Condition

- 1.10.2.3 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.
- 1.10.2.4 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

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

Risk

- 1.10.2.6 Payments may be made for goods not/under received.
- 1.10.2.7 The quality of goods received may not be consistent with predetermined, approved, contracted specification.
- 1.10.2.8 The completeness, existence and accuracy of inventories may be misstated.

Recommendation

- 1.10.2.9 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 place on the automated forms for signing.
- 1.10.2.10 Management should ensure that copy of the GRN is issued the vendor and a log is signed by the vendor for the GRN issued.

Management's Response

- 1.10.2.11 *We acknowledge the audit recommendation, but MOH's current system design has no provision for their inclusion. Management will review and revert to your recommendation.*

Auditor General's Position

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

1.10.3 Fixed Assets Irregularities

Criteria

- 1.10.3.1 Regulation V.1 (2) of the Public Finance Management (PFM) Act of 2009 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 will take note of your recommendation and 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 Retroactive Procurement Contracting

Criteria

- 1.10.4.1 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

- 1.10.4.2 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

- 1.10.4.3 Failure to submit these contracts to the PPC for review may have led to these errors not been timely detected and corrected.
- 1.10.4.4 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

- 1.10.4.5 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.
- 1.10.4.6 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.
- 1.10.4.7 In the instance of litigation there may be no legal reliance for enforcement of terms and conditions of transactions.

Recommendation

- 1.10.4.8 Management should provide substantive justification for late preparation of contracts and their retroactive terms and conditions.
- 1.10.4.9 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.
- 1.10.4.10 Alternatively, Management should obtain a "No Objection" from PPCC to operationalize the framework contracting.

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

Management's Response

- 1.10.4.12 *We take notes of the audit findings and recommendations. Going forward, the start date of all contracts will be the same as the end date of the procurement process. 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

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

1.10.5 Incomplete Information on Procurement Documentation

Criteria

- 1.10.5.1 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

- 1.10.5.2 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

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

Risk

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

Recommendation

- 1.10.5.6 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.
- 1.10.5.7 Management should facilitate the conduct of market price survey before commencement of procurement activities.
- 1.10.5.8 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.
- 1.10.5.9 Evidence of market price surveys conducted should be adequately documented and filed to facilitate future review.

Management's Response

- 1.10.5.10 *We acknowledge this audit finding and hope to implement the recommendations for system improvement.*

Auditor General's Position

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