



Management Letter

National Fisheries & Aquaculture Authority (NaFAA) Financial Statements

For the periods January 1, 2022 to December 31, 2023



Promoting Accountability of Public Resources

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

Monrovia, Liberia
October 2024

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ACRONYMS & MEANING

Acronyms/Abbreviation/Symbol	Meaning
AG	Auditor General
BoD	Board of Directors
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
FCCA	Fellow of the Association of Chartered Certified Accountants
GAC	General Auditing Commission
GoL	Government of Liberia
IAA	Internal Audit Agency
IFRS	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
MFDP	Ministry of Finance and Development Planning
NaFAA	National Fisheries and Aquaculture Authority
PFM	Public Financial Management
SOE	State-Owned Enterprise
CBL	Central Bank of Liberia
US\$	United States dollars
L\$	Liberian dollars
¥	Japanese Yen



Republic of Liberia



March 19, 2026

Hon. J. Cyrus Saygbe, Sr.

Director General

National Fisheries & Aquaculture Authority (NaFAA)
Bushrod Island
Monrovia, Liberia

Dear Hon. Saygbe:

Re: Management Letter on the Audit of the National Fisheries & Aquaculture Authority (NaFAA) for the Periods January 1, 2022 to December 31, 2023

The Audit of the Financial Statements of the National Fisheries & Aquaculture Authority (NaFAA) for the periods January 1, 2022 to December 31, 2023 was commissioned by the Auditor-General (AG) on July 4, 2024 under AG's mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

INTRODUCTION

The audit of NaFAA's Financial Statements for the period January 1, 2022 to December 31, 2023 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

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



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

The matters mentioned in this letter are therefore those that were identified through test 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 measure and compliance with law and regulation are the responsibility of the Accounting Officer. Our responsibility is to express our opinion on these financial statements.

KEY MANAGEMENT PERSONNELL

No.	Name	Position	Tenure
1	Hon. J. Cyrus Saygbe, Sr.	Director General	2025 - Present
2	Hon. Emma M. Glassco	Director Director General	2018 - 2025
3	Hon. William Y. Boeh	Deputy Director of Technical Services	2018 - Present
4	Hon. Augustine M. Manoballah	Deputy Director General of Administration	2018 - Present
5	Siekula T. Vannie	Director, Human Resource	2018 - Present
6	Amadou Morris	Comptroller	2022 - Present

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and staff of the National Fisheries & Aquaculture Authority (NaFAA) and other individuals who contributed to success of this Audit. The audit findings which were identified during the course of the audit are included.

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

Monrovia, Liberia

March 2026



1 DETAILS FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 Irregularities Associated with Board of Directors

Criteria

1.1.1.1 Section 3.12 of the National Fisheries & Aquaculture Authority (NaFAA) Amended Act Title 23, "Appointment, Membership, and Tenure of the Board" states:

1. The President shall appoint nine (9) persons as members of the Board of the Authority based on the integrity, gender, knowledge, expertise, and experience. Non-statutory members of the Board shall hold office for a period of four (4) years.
2. All non-statutory members of the Board shall be appointed by the president with the consent of the Senate.
3. The members of the Board of Directors shall consist of:
 - a. The Minister of Agriculture who shall be the Chairperson of the Board and heads of the Agencies or their designee from:
 - i. Ministry of National Defense
 - ii. Ministry of Finance and Development Planning
 - iii. Ministry of Commerce & Industry
 - iv. Liberia Maritime Authority
 - b. Four (4) members selected from the public
 - c. The Director General shall serve as ex-officio and Secretary of the Board but shall have no voting rights.

Observation

1.1.1.2 During the audit, we observed the following irregularities associated with the Board of Directors:

- One (1) of the two (2) non-statutory members appointed was an employee of the Ministry of States of Presidential Affairs and not appointed from the public non-compliant to the NaFAA Act of 2017.
- There were only two (2) non-statutory members appointed to the Board contrary to the four (4) non-statutory members required per the NaFAA Act of 2017.
- The Board constituted seven (7) statutory and non-statutory members contrary to the nine (9) statutory and non-statutory members as required by the NaFAA Act of 2017.

See Table 1 below for details:

Table 1: Irregularities Associated with Board of Directors

No.	Board Members	Membership Status	Entity
1.	Hon. Jeanine M. Cooper	Statutory Member	Minister, Ministry of Agriculture and Chairman of the Board of Directors
2.	Hon. Samuel D. Tweah	Statutory Member	Minister, Ministry of Finance and Development Planning
3.	Hon. Mawine Diggs	Statutory Member	Minister, Ministry of Commerce and Industry
4.	Hon. Lenn Eugene Nagbe	Statutory Member	Commission and CEO, Liberia Maritime Authority
5.	Hon. Daniel Dee Ziankahn	Statutory Member	Minister, Ministry of National Defense
6.	Hon. Charles R. Bright	Non- Member	Ministry of State for Presidential Affairs
7.	John B. S. Davies	Non-statutory	Public

Risk

- 1.1.1.3 The Board may be constituted non-compliant with NaFAA Act of 2017.
- 1.1.1.4 The strategic oversight over the function of Management may be impaired. This may impair the achievement of the institution's objectives.
- 1.1.1.5 Management may override institutional policies and procedures that may adversely impact the entity.
- 1.1.1.6 Monitoring and evaluation of the mandate and strategic and operational objectives of the entity may be impaired. This may impair the achievement of approved deliverables of the entity.

Recommendation

- 1.1.1.7 Management should liaise with the appropriate authorities to ensure the entity's Board of Directors is fully constituted with the required number of statutory and non-statutory members in keeping with Section 3.12 of the NaFAA Act of 2017.
- 1.1.1.8 Management should facilitate the conduct of periodic/regular Board meetings. Board's meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review.
- 1.1.1.9 The Board should also institute a platform for following-up on decision made at Board's meeting. An update of progress towards previous meeting agreed actions/deliverable should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.

Management's Response

- 2.1.1.1 *Time and again, Management has brought it to the attention of the Board of Directors and the Office of the President, the need to ensure that the Board of Directors is fully constituted in line with the NaFAA Act by the appointment of non-statutory members.*



2.1.1.2 *As of the time of responding to the GAC queries, the Board of Directors has been fully constituted with the appointment of all statutory and non-statutory members in line with the NaFAA 2017 Act.*

Auditor General's Position

2.1.1.3 Management's assertions were not supported by documentary evidence. We observed no evidence that the Board of Directors has been fully constituted with the appointment of all statutory and non-statutory members in line with the NaFAA 2017 Act as asserted in Management's response. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.2 No Evidence of Monitoring and Evaluation Reports

Criteria

2.1.1.4 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.

Observation

2.1.1.5 During the audit, we observed no evidence of a functional Monitoring and Evaluation Committee (M&E) to provide the required oversight for the full implementation of planned activities within approved timelines, evidenced by the absence of approved annual monitoring & evaluation plans and periodic activities reports.

2.1.1.6 Further, we observed no evidence of monitoring and evaluation of activities cataloged in the approved strategic and operational plans.

Risk

2.1.1.7 In the absence of effective monitoring and evaluation, project deliverables may not be achieved up to approved specifications and within approved timelines.

2.1.1.8 Value for money may not be achieved and project resources may be subjected to misapplication and misappropriation.

2.1.1.9 Approved activities cataloged in the strategic and operational plans may not be achieved or achieved up to approved specifications and timelines.

Recommendation

2.1.1.10 Management should facilitate the establishment of a functional Monitoring and Evaluation Committee (M&E), evidence by the documentation of planned annual activities and periodic activities reports. Evidence of approved annual plans and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.2.1 *NaFAA has a functional Monitoring and Evaluation Unit within the Department of Policy, Planning and Investment. The function of the Unit is to ensure productivity through sectoral and departmental planning and successful implementation of fisheries programs and projects through monitoring and evaluation. The Department has developed a comprehensive M&E Manual to ensure compliance with implementation of institutional planning, projects and departments activities. The M&E Unit clearly provides an oversight for the full implementation of planned activities within approved timelines, whether quarterly or annually.*
- 1.1.2.2 *Most of the planned projects as per the workplan of the departments during the period of the audit were not implemented due to low budgetary constraints. Even in the midst of the constraints, basic services of the institution were not implemented. However, reports were not prepared. **Please see Exhibit 1 for M & E manual.***

Auditor General's Position

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

1.1.3 No Evidence of Annual Reports

Criteria

- 1.1.3.1 Regulation M.11 (1-4) of the PFM Act of 2009 as amended and restated 2019 states that 'the board of directors of an enterprise shall, within two months after the expiry of each financial year to which the financial statements relate, submit an annual report to the Minister, the sector minister, the Auditor General and the Bureau of State Enterprises dealing generally with the activities and operations of the enterprise within that year. (2) The annual report shall include: (a) a copy of the audited accounts of the enterprise; (b) a statement of any directions given by the sector minister to the Board or Bureau of State Enterprise within that year in accordance with this Act and the enactment under which the enterprise exists; and (c) such other information as the sector minister may in writing reasonably request. (3) A copy of the annual report of the Board of Directors of an enterprise shall also be sent by the Board to the head of the Liberia Institute of Statistics and Geographical Information Systems; the Governor of the Central Bank of Liberia; and any other person that the Minister may determine. (4) The Auditor General shall review the annual report and present his/her opinion to the Legislature alongside the audit report of government financial operations for the previous year'.

Observation

- 1.1.3.2 During the audit, we observed no evidence of annual reports prepared by Management for the periods under audit.

Risk

- 1.1.3.3 Significant activities, achievement, challenges and measures to mitigate challenges may not be adequately documented. This may impair institutional performance measurement and the development of remediation strategy to address existing challenges and constraints.



- 1.1.1.3.4 Information to facilitate institutional memory, expedite learning curves and provision of current administrative and operational status of the entity may not be available.

Recommendation

- 1.1.1.3.5 Management should facilitate the preparation and approval of administrative and operational activities reports on an annual basis. The reports should cover the proposed goals for the fiscal year, achievement against those goals, significant activities and challenges and measures to mitigate challenges in the near future. The report should also contain the entity audited financial statements (or at least a management account) to adequately inform stakeholders about the annual financial activities of the entity.
- 1.1.1.3.6 The report should be approved by the head of the entity and subsequently submitted to the Board of Directors, and the Offices of the Auditor General, the Comptroller and Accountant General and the sector minister (where applicable). Evidence of approved annual administrative and operational activities reports should be adequately documented and filed to facilitate future review.

Management Response

- 1.1.1.3.7 *NaFAA prepares reports annually. However, there was an oversight in submission of the annual reports to the GAC upon their request. **Please see exhibit 2 for the 2-year annual reports.***

Auditor General's Position

- 1.1.1.3.8 We acknowledge Management's subsequent submission of draft reports under the caption "Annual Reports" after our audit execution. However, the reports did not contain details of the proposed goals for the fiscal year, achievement against those goals, significant activities and challenges and measures to mitigate challenges in the near future. The reports also did not contain the entity's unaudited financial statements to adequately inform stakeholders about the annual financial activities of the entity as required. Further, we observed that the financial performance segment (chapter 3) of the FY 2022 annual report subsequently submitted for audit purposes was related to FY 2018/2019 and 2019/2020 and not 2022 as required. These reports were also not approved by the Director General or her designee as required. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.4 No Evidence of Training and Development Plan

Criteria

- 1.1.1.4.1 The Committee of Sponsoring Organizations of the Trade way Commission (COSO) states, that "commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control".
- 1.1.1.4.2 The above can be evidenced by providing training, to raise the awareness of management and employees of the internal control objectives and, in particular, the objective of ethical operations,



and helps them to understand the internal control objectives and to develop skills to handle ethical dilemmas.

- 1.1.4.3 Section 14 of the Human Resource Manual of the entity states that employee professional development is a major investment in the institution success. These investments in the human resources help them to feel confident about improving their efficiency and productivity, as well as achieving personal growth and success. Each employee will be provided an opportunity to benefit from training annually, unless they are necessary for them to complete their everyday duties. Employees will benefit from the following:
- a. Formal training sessions (individual or corporate.)
 - b. Employee coaching and mentoring.
 - c. On-the-job training.
 - d. Job shadowing.
 - e. Job rotation.
- 1.1.4.4 Development is a collective process. Team members and managers should regularly discuss learning needs and opportunities. And it's HR's responsibility to facilitate any capacity development activities and processes

Observation

- 1.1.4.5 During the audit, we observed no evidence that Management had a documented training and development plan for staff of the entity.

Risk

- 1.1.4.6 Lack of training and development plans may result in training programs not being able to address employees' training needs and performance deficiencies.
- 1.1.4.7 In the absence of an annual training plan, training may be conducted arbitrarily. This may impair the development plan and the required capacity of staff of the entity.
- 1.1.4.8 In the absence of periodic training/capacity-building initiatives, staff may not obtain the required capacity needed to achieve the objectives of the entity.

Recommendation

- 1.1.4.9 Management should develop, approve, and operationalize a comprehensive training plan that addresses the strategic capacity needs of the staff of the entity. The requisite training and capacity development plan for each unit should be identified and scheduled.
- 1.1.4.10 Evidence of annual capacity development plan should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.4.11 *NaFAA has an annual training and development plan developed every year with inputs from different departments. **Exhibit #3 shows the 2023 training plan of NaFAA, which was***



also submitted to the World Bank project. Based on this plan, one staff travelled for training in November 2023. Due to the election and finance, the other staff travelled in 2024 and are currently still undergoing studies. Additionally, the training plan for 2025 is being concluded. These are confirmations that NaFAA have and has had training and development plans.

Auditor General's Position

- 1.1.4.12 Management's assertion did not adequately address the issues raised. Management subsequently provided training and development plan only for FY 2023 after our audit execution and not for FY 2022 as requested. Further, Management's provision of documents after our review does not guarantee Management effective control of document management.
- 1.1.4.13 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that all training plans are adequately documented and filed to facilitate future review. Therefore, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2 Budget Management

1.2.1 No Evidence of a Functional Budget Committee

Criteria

- 1.2.1.1 Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019 states that "Every head of government agency shall establish a Budget Committee which shall be responsible for budget formulation, implementation, monitoring and evaluation made up of (a) the head of government agency, who shall be the chairperson; and (b) Heads of budget management centers or cost centers)".

Observation

- 1.2.1.2 During the audit, we observed no evidence of a functional budget committee.

Risk

- 1.2.1.3 In the absence of a functional budget committee, effective monitoring and evaluation of revenue and expenditure may be impaired. This may lead to under receipt of budgeted revenue and / or over expenditure.
- 1.2.1.4 Periodic Budget Performance Reports may not be prepared adequately or in a timely manner.
- 1.2.1.5 Management may be non-compliant with Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019.

Recommendation

- 1.2.1.6 Management should facilitate the establishment of a functional Budget Committee, evidenced by the documentation of attendance records, meeting minutes, and periodic activities reports.



- 1.2.1.7 Evidence of attendance records, meeting minutes, and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.1.8 *NaFAA has a budget committee with responsibilities to collaborate with various departments for analysis and summary of the information that shall be developed in the budget preparation of the institution. Page 10 of the Financial Management and Internal Control policy of NaFAA spells out the budgetary process. It indicates that the senior management of NaFAA shall establish a budget committee comprising the Director General as Chairperson, the Deputy Director General for Administration, the Deputy Director General for Technical Services and the Procurement Director as members, the Comptroller as Secretary and made provision for the appointment of any other member (s) to be designated by the Chairman.*
- 1.2.1.9 *Since the establishment of NaFAA, the established Committee has prepared the budget as per the mandate, sought the approval of the Board Directors and executed same for the development of the institution and the sector.*

Auditor General's Position

- 1.2.1.10 Management's assertions were not supported by documentary evidence. Copies of attendance records, meeting minutes, and periodic activities reports of the budget committee were not provided for audit purposes as requested. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.2.2 No Evidence of Quarterly and Annual Budget Performance Reports

Criteria

- 1.2.2.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises, their annual accounts and reports and the Government's annual audited accounts".

Observation

- 1.2.2.2 During the audit, we observed that Management operated the entity without evidence of Quarterly and Annual Budget Performance Reports as required.

Risk

- 1.2.2.3 In the absence of Quarterly and Annual Budget Performance Reports, revenue and expenditures may not be reliably measured. This may lead to under receipt of budgeted revenue and / or over expenditures.



Recommendation

- 1.2.2.4 Management should facilitate timely preparation of Quarterly and Annual Budget Performance Reports in line with the PFM Act of 2009 as amended and restated 2019.
- 1.2.2.5 Evidence of Quarterly and Annual Budget Performance Reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.6 *We note the concern of the GAC. Going forward, quarterly and annual budget performance reports will be prepared. Please see the budget performance reports attached.*

Auditor General's Position

- 1.2.2.7 Management's assertions were not supported by documentary evidence. Periodic budget performance reports for the periods under audit were not subsequently submitted for audit purposes as asserted in Management's response. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3 Financial Reporting

1.3.1 Inappropriate Financial Reporting Requirements

Criteria

- 1.3.1.1 Section 59.4 of the PFM Act of 2009 as amended and restated 2019, states that accounts submitted under this section shall: (a) be prepared in accordance with International Financial Reporting Standards and in accordance with any instructions issued by the Minister and state the basis of accounting used in preparation and identify significant departures from the principles and reasons for the departure.
- 1.3.1.2 The objective of International Financial Reporting Standards 1 (IFRS 1) – First-time Adoption of International Financial Reporting Standards is to ensure that an entity's first IFRS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:
- a) is transparent for users and comparable over all periods presented;
 - b) provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRSs); and can be generated at a cost that does not exceed the benefits.

Observation

- 1.3.1.3 During the audit, we observed that the financial statements prepared by Management did not comply with the International Financial Reporting Standards (IFRSs).

Risk

- 1.3.1.4 Management may be non-compliant with GoL financial reporting framework for State-Owned Enterprises (SOEs).
- 1.3.1.5 Fair presentation, full disclosure, understandability, comparability and reconciliation of the financial statements may be impaired.

Recommendation

- 1.3.1.6 Management should develop, approve and operationalize a plan to fully transition to IFRS as its financial reporting framework as mandated by the GoL and in accordance with the requirement of IFRS.
- 1.3.1.7 The approved transition should be fully operationalized within six (6) months after the issuance of the Auditor General's report.

Management's Response

- 1.3.1.8 *We note the observation of the GAC relative to full IFRS transition. Further to this, we have made provision in the FY2025 budget to have an independent firm conduct the final roll out to full IFRS. The GAC can be assured of implementation of this recommendation very soon. **Please see Exhibit #4 (Note to the 2025 approved budget – Professional Services – Migration to IFRS).***

Auditor General's Position

- 1.3.1.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent submission of documents in Exhibit 4. We will follow-up on the implementation of our recommendations during subsequent audit.

1.3.2 No Comparative Information in the Notes to the Financial Statements

Criteria

- 1.3.2.1 International Accounting Standard (IAS) 1.10 for institution using International Financial Reporting Standards (IFRS) states that "A complete set of financial statements includes:
- a statement of financial position (balance sheet) at the end of the period;
 - a statement of profit or loss and other comprehensive income for the period (presented as a single statement, or by presenting the profit or loss section in a separate statement of profit or loss, immediately followed by a statement presenting comprehensive income beginning with profit or loss);
 - a statement of changes in equity for the period;
 - a statement of cash flows for the period;
 - notes, comprising a summary of significant accounting policies and other explanatory notes;
 - Comparative information pre-scribed by the standard.

- 1.3.2.2 IAS 1.38: Requires that comparative information be disclosed in respect of the previous period for all amounts reported in the current period's financial statements.
- 1.3.2.3 IAS 1.38A: States that comparative information should be provided for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

Observation

- 1.3.2.4 During the audit, we observed no evidence that Management prepared comparative financial information to the notes to the financial statements.

Risk

- 1.3.2.5 Failure to report in line with the guidelines of the International Financial Reporting Standards (IFRS) may impair the fair presentation, consistency and reliability of the financial statements.
- 1.3.2.6 The financial statements may not be fairly presented thereby denying users of the financial statements relevant information needed for decision making.
- 1.3.2.7 Fair presentation and full disclosure may be impaired.

Recommendation

- 1.3.2.8 Management should provide substantive justification why comparative financial information of the notes to the financial statements were not included as part of the component of the Financial Statements according to IAS 1.10.
- 1.3.2.9 Going forward, Management should prepare comparative financial information to the notes to the financial statements and submit same to the Office of the Auditor General for validation before issuance of the final report to National legislature.

Management's Response

- 1.3.2.10 *We note the observation. Going forward, comparative information to the notes to the financial statements will be prepared and submitted.*

Auditor General's Position

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

1.3.3 Irregularities Associated with Donated Outboard Engines for Fishermen

Criteria

- 1.3.3.1 Section 36(1) of the PFM Act of 2009 as amended and restated 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".



1.3.3.2 IAS 1.15 requires that material items be disclosed separately in financial statements. If donations are material, they must be disclosed either on the face of the financial statements or in the notes, with appropriate descriptions.

1.3.3.3 IAS 1.117 requires that entities must also disclose accounting policies and provide information on the nature and significance of donations.

Observation

1.3.3.4 During the audit, we observed the following irregularities associated with the management of donated outboard engines for FY 2022:

- No evidence of disclosure in the financial statements of 600 pieces of outboard engines valued at US\$721,831.74 donated to GoL through Management by the Japanese Government for further distribution to fishermen for 64 cooperatives in the nine (9) coastal counties in Liberia. **See Table 2 below for details:**

Table 2: Irregularities Associated with Donated Outboard Engines for Fishermen

No.	Description	Quantity	¥/ Unit	Conversion Rate	Equivalent US\$	Amount US\$
1.	Outboard Engine - 4HP	200	140,800	131.46	1,071.05	214,209.65
2.	Outboard Engine - 8HP	360	166,100	131.46	1,263.50	454,860.79
3.	Outboard Engine - 15HP	40	173,400	131.46	1,319.03	52,761.30
TOTAL		600				721,831.74

- Additionally, our review of the distribution records revealed an unreconciled variance of 278 pieces of outboard engines between the distribution log and the total quantity of outboard engines received by Management. **See Table 3 below for details:**

Table 3: Irregularities Associated with Donated Outboard Engines for Fishermen

No.	Description	Quantity Received per Invoice and Goods Received Note A	Quantity Distributed to Cooperatives per Log B	Balance in Monrovia Warehouse Verified by GAC C	Variance to be Accounted for D=(A-B-C)	Price Per Unit US\$ E	Total Value of Variance US\$ F=(DxE)
1.	Outboard Engine - 4HP	200	147	1	52	1,071.05	55,694.6
2.	Outboard Engine - 8HP	360	143	23	194	1,263.50	245,119.0
3.	Outboard Engine - 15HP	40	6	2	32	1,319.03	42,208.9
TOTAL		600	296	26	278		343,022.5

- Similarly, 434 pieces of spare parts and special tool sets could not be accounted for.

Risk

- 1.3.3.5 Donated outboard engines may not be subsequently distributed to approved cooperatives. This may lead to theft and/or misappropriation of the entity's assets.
- 1.3.3.6 Fair presentation and full disclosures of the financial statements may be impaired.
- 1.3.3.7 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated. A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.3.3.8 Management should account for the variance between quantity of outboard engines received and quantity of outboard engines distributed comprehensively catalogued in Table 3 above, as part of Management's response to this Management Letter.
- 1.3.3.9 Going forward, Management should perform periodic reconciliation among the quantity of assets donated, received and assets subsequently distributed to cooperatives. Variances identified should be investigated and resolved where applicable in the timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.
- 1.3.3.10 Management should also ensure that all donated assets and corresponding values are fully disclosed in the fixed assets register and the notes to the financial statements.

Management's Response

- 1.3.3.11 *Management acknowledges the absence of the value of boat engines in the financial statements and deems it an oversight, but commits to disclosing the full value of the boat engines in subsequent financial reports.*

Auditor General's Position

- 1.3.3.12 We acknowledge Management's acceptance of our findings and recommendations. However, Management did not account for the variance of 278 pieces of outboard engines between quantity received and quantity subsequently distributed to cooperatives. Management did not also account for 434 pieces of spare parts and special tool sets as requested. 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.

1.4 Personnel Management

1.4.1 No Evidence of an Automated Payroll Management System

Criteria

- 1.4.1.1 Section 36(1) of the Public Financial Management (PFM) Act of 2009 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in



the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister”.

Observation

- 1.4.1.2 During the audit, we observed no evidence of an automated centralized payroll management system to facilitate the effective payroll management of the entity. The payroll was managed in MS excel.

Risk

- 1.4.1.3 Data integrity, security and completeness and accuracy of payroll records may be impaired.
- 1.4.1.4 In the absence of a centralized payroll management system, the computation of taxes, other deductions and net salaries may be impaired.
- 1.4.1.5 Management may not account for all its payroll transactions.

Recommendation

- 1.4.1.6 Management should procure and operationalize a functional payroll management system to facilitate complete, accurate and real-time recording of all payroll transactions of the entity.
- 1.4.1.7 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 payroll ledger. Going forward, an automated linkage should be created between the payroll ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.4.1.8 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for payroll transactions are scanned, attached to the transactions in the payroll and accounting software, archived and maintained to facilitate future review.

Management’s Response

- 1.4.1.9 *NaFAA has a digital payroll designed in MS Excel that incorporates all duly legal tax equations, social security deduction and other legal requirements. However, through the World Bank project, NaFAA has completed the development of a new HRIS, to be rolled out in 2025 that will be fully automated to manage personnel information and payroll management.*

Auditor General’s Position

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

1.4.2 Personnel Listing not Reconciled to Payroll

Criteria

- 1.4.2.1 Section 36(1) of the Public Financial Management (PFM) Act of 2009 as amended and restated 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".
- 1.4.2.2 Regulation T.3 (1) (d, e and f) of the PFM Act of 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (d) authorized establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

Observation

- 1.4.2.3 During the audit, we observed no evidence of monthly reconciliation between the personnel listing and the monthly payroll.
- 1.4.2.4 Additionally, we observed that the personnel listing did not reconcile to the payroll. Twenty-one (21) contractors and nine (9) employees on the January 2023 payroll and (4) employees on the May 2023 payroll could not be traced on the contractor and personnel listings, respectively. **See Annexure 1 for details.**

Risk

- 1.4.2.5 The lack of a comprehensive personnel listing may impair effective monitoring of employees of the entity.
- 1.4.2.6 Non-reconciliation of the personnel listing to the payroll may lead to illegitimate personnel/ghost being compensated for services not performed.
- 1.4.2.7 Management may not account for all its payroll transactions.
- 1.4.2.8 Management may recruit staffers that do not meet the required qualification and experience to contribute to the overall objectives of the entity.

Recommendation

- 1.4.2.9 Management should account for the variances identified between the personnel listing and approved payroll.
- 1.4.2.10 Management should develop a comprehensive personnel listing cataloging all staff of the entity. The personnel listing should include columns for: date of employment, job title/position, assigned department/section, identification number, qualification, sex, date of birth and basic salary of staff as required by the Decent Work Act of 2015.



- 1.4.2.11 Management should perform monthly reconciliation between the personnel listing and the approved payroll. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.4.2.12 Evidence of monthly personnel listing and monthly reconciliation between the personnel listing and the approved payroll should be adequately documented and filed to facilitate future review.
- 1.4.2.13 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 payroll ledger. Going forward, an automated linkage should be created between the payroll ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.4.2.14 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for payroll transactions are scanned, attached to the transactions in the payroll and accounting software, archived and maintained to facilitate future review.

Management Response

- 1.4.2.15 *In terms of irregularities on the payroll, we are forwarding to you the personnel listing of 2023 that clearly shows movement of staff during the year. We are sure that will provide clarity for your doubts. **Please see exhibit 5.***

Auditor General's Position

- 1.4.2.16 Management's assertion did not adequately address the issue raised. The personnel listing provided in Exhibit 5 did not reconcile with the variances between the personnel listing and the payroll as indicated in our audit findings above. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4.3 Lack of Segregation of Duties in Payroll Management

Criteria

- 1.4.3.1 According to COSO Framework 2011, paragraph 148, "senior management and the board of directors establish the organizational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the entity. This goal is to provide for clear accountability and information flow within and across the overall entity, and its subunits".

Observations

- 1.4.3.2 During the audit, we observed no evidence that the payroll journals were subsequently submitted to heads of department/units to review and corroborate salaries to be disbursed to personnel of respective department/units.
- 1.4.3.3 Further, we observed no evidence that the Internal Audit Department performed post reconciliation among the net salary per the payroll journals, the debit instructions issued to the

banks and the bank statements to corroborate that approved net salaries were reconciled to actual disbursements.

Risk

- 1.4.3.4 Lack of segregation of duties of such key functions may impair checks and balances, thereby, leading to misappropriation of the entity's fund.
- 1.4.3.5 Inadequate review of the payroll may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.
- 1.4.3.6 Approved adjustments to the payroll may not be implemented.
- 1.4.3.7 Unauthorized adjustments may be undetected leading to misappropriation of the entity's fund.

Recommendation

- 1.4.3.8 Management should facilitate segregation of duties and check and balances in the preparation of monthly payroll. All adjustments to the payroll should be cataloged by the Human Resource Department and submitted to the Finance Department for processing. Subsequently, the Finance Department should submit the adjusted payroll per department to the head of each department/unit and the Human Resource Department for validation before submission to the commercial banks for processing.
- 1.4.3.9 The Internal Audit Department should facilitate post reconciliation among the net salary per the payroll journals; the debit instructions issued to the banks and the bank statements to corroborate that approved net salaries were reconciled to actual disbursements on a monthly basis.
- 1.4.3.10 Evidence of approved monthly payroll journals, approved adjustments to the payroll, post disbursement reconciliation and all other relevant supporting records should be adequately documented and filed to facilitate future review.

Management Response

- 1.4.3.11 *The Payroll at NaFAA is reconciled every month through three layers. Payroll is first reconciled by the HR department with the Personnel listing and movement, attendance records and previous month's payroll. A second layer of reconciliation is done by the Finance department, to analyze tax deduction and calculation. The final and third layer of reconciliation is done by the Internal Audit Agency, reconciling the payroll with personnel listing, staff movement, tax calculations and attendance. Additionally, all activities affecting the payroll is reflected on the summary page of the payroll.*

Auditor General's Position

- 1.4.3.12 Management's assertions were not supported by documentary evidence. We observed no evidence that the payroll journals were subsequently submitted to heads of department/units to review and corroborate salaries to be disbursed to personnel of respective department/units nor



were evidences provided to indicate that the Internal Audit Department performed post reconciliation among the net salary per the payroll journals, the debit instructions issued to the banks and the bank statements to corroborate that approved net salaries were reconciled to actual disbursements. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.4.4 Non-Remittance of Personal Income Tax (PIT)

Criteria

- 1.4.4.1 Section 200 of the Revenue Code of Liberia 2000 as amended in 2011 requires that an annual income tax is hereby imposed on the annual taxable income of every natural person resident in Liberia (including resident Liberian citizens employed by an embassy, a diplomatic mission, or international organization). The tax is collected during the tax year in accordance with the withholding rules of Section 905 or the advance payment rules of Section 904.
- 1.4.4.2 Further, Section 905 (J) and (M) of the Revenue Code of Liberia Act of 2000 states that; "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".

Observation

- 1.4.4.3 During the audit, we observed no evidence of Personal Income Tax (PIT) amounting to US\$657,181.82 being remitted into GoL Revenue Account for Income Tax. **See Table 4 below for details:**

Table 4: Non-Remittance of Personal Income Tax (PIT)

No.	Description	FY 2022	US\$ A	FY 2023	US\$ B	Total Amount US\$ C=(A+B)
1.	Staff Salary Withholdings		277,779.89		296,337.13	574,117.02
2.	Vendors' Withholdings		30,952.41		27,375.59	58,328.00
3.	Contractors' Withholdings		2,423.86		22,312.94	24,736.80
TOTAL			311,156.16		346,025.66	657,181.82

Risk

- 1.4.4.4 Failure to withhold and remit PIT may deny GoL of the much-needed tax revenue.
- 1.4.4.5 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.**
- 1.4.4.6 Non-remittance of PIT may lead to an overstatement of the cash book and subsequently the financial statements.



Recommendation

- 1.4.4.7 Management should provide substantive justification for not withholding and remitting PIT.
- 1.4.4.8 Going forward, Management should withhold PIT on all disbursement of remunerations and facilitate full and timely remittance of PIT to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.4.4.9 Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.4.10 *We note the concerns of the AG relative to non-remittance of vendors, contractors or employees withholding taxes. However, there were circumstances that could not permit us to remit those withholdings. During the period under audit, the revenue of NaFAA declined drastically to the extent that remitting those withholdings could lead to failure to pay staff salaries and the procurement of basic supplies to keep the office running. Management made a decision not to shut down the Authority versus paying the withholding and shutting down the institution.*
- 1.4.4.11 *Interestingly, discussions are underway with LRA to organize measures to bring this situation to an amicable close. Most importantly to note is that NaFAA is currently remitting its staff, contractors and vendors withholdings to the LRA.*

Auditor General's Position

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

1.4.5 Non-Remittance of Social Security's Contributions to NASSCORP

Criteria

- 1.4.5.1 Section 89.16(a) of the NASSCORP New Act and published February 13, 2017 states that "The contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the Corporation. Contribution rate shall be total 10% of the total gross remuneration of each employee; 2% under the Employment Injury Scheme payable by the employer; 4% employer contribution and 4% employee contribution to be remitted by the employer."

Observation

- 1.4.5.2 During the audit, we observed no evidence of payment receipts for remittance of employees' and employers' contributions amounting to US\$262,833.60 made to NASSCORP for the fiscal periods under audit. **See Table 5a below for details:**

Table 5a: Non-Remittance of Social Security's Contributions to NASSCORP

No.	Description	FY 2022 US\$ A	FY 2023 US\$ B	Total Amount US\$ C=(A+B)
1.	Social Security Contributions	133,555.50	129,278.10	262,833.60
TOTAL		133,555.50	129,278.10	262,833.60

1.4.5.3 Additionally, Management recorded in its financial statements for FY 2023, the amount of US\$48,509.30 as liability to NASSCORP instead of US\$129,278.10, resulting in a variance of US\$80,768.80. We observed no evidence of payments made to NASSCORP to validate the variance between social security liability computed by GAC and social security liability reported in the financial statements. **See Table 5b below for details:**

Table 5b: Variance between Financial Statements and GAC Calculations

No.	Description	Financial Statements US\$ A	GAC Calculations US\$ B	Variance US\$ C=(A-B)
1.	Social Security Contributions	48,509.30	129,278.10	(80,768.80)
TOTAL		48,509.30	129,278.10	(80,768.80)

1.4.5.4 Further, the social security and national identification numbers of all staffers were not mentioned on the monthly payroll as required by the payroll's structure for easy verification and monitoring purposes.

Risk

1.4.5.5 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalties and fines.

1.4.5.6 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.

1.4.5.7 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

1.4.5.8 Non-remittance of social security contributions may lead to misapplication or misappropriation of the fund.

1.4.5.9 The completeness and accuracy of social security liability may not be assured. Therefore, the financial statements may be misstated.

Recommendation

1.4.5.10 Management should account for the variance between social security liability computed by the



GAC and social security liability reported in the financial statements for FY 2023 as catalogued in Table 4 above. Subsequently, Management should adjust the financial statements to account for the variance between social security liability computed by the GAC and social security contribution reported in the financial statements for FY 2023. The adjusted financial statements should be submitted to the Office of the Auditor General as part of Management's response to this Management letter.

- 1.4.5.11 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis (where applicable).
- 1.4.5.12 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
- 1.4.5.13 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.
- 1.4.5.14 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.
- 1.4.5.15 Evidence of remittances of monthly social security contributions and all relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.4.5.16 The social security and national identification numbers of all staffers should be recorded on the monthly payroll journals for easy verification and monitoring purposes.

Management's Response

- 1.4.5.17 *We note the concerns of the AG relative to non-remittance of social security contributions to NASSCORP. However, there were circumstances that could not permit us to remit those contributions. During the period under audit, the revenue of NaFAA declined drastically to the extent that making those contributions could lead to failure to pay staff salaries and the procurement of basic supplies to keep the office running. Management made a decision not to shut down the Authority versus paying the contributions and shutting down the institution.*
- 1.4.5.18 *Interestingly, discussions are underway with NASSCORP to organize measures to bring this situation to an amicable close. Most importantly to note is that NaFAA is currently making its contribution and remitting its staff and contractors contributions to NASSCORP.*

Auditor General's Position

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



1.4.6 No Employees Performance Appraisal

Criteria

- 1.4.6.1 Section 9 of the Human Resource Manual of the entity titled "Performance Management" states the National Fisheries and Aquaculture Authority will conduct an annual comprehensive performance appraisal. All employees will undergo performance appraisal. Some of the specific objectives of entity in implementing the performance management system include:
- Empower NaFAA employees to achieve superior work performance by providing clear expectations about their roles and accountabilities;
 - Support employees and their supervisors in identifying the knowledge and skills required for performing their jobs efficiently and effectively;
 - Promote personal growth and career advancement helping employees acquire the desired knowledge and skills;
 - Promote a two-way system of communication between all supervisors and employees for clarifying expectations, communicating institutional goals, as well as providing regular and transparent feedback for improving employee performance.
- 1.4.6.2 Section 9.2 of the Human Resource Manual of entity states the performance management system shall include:
- a. Establishing quarterly performance reviews. During these reviews, manager or supervisor will fill out your performance evaluation report and arrange a meeting with you to discuss it. Through these discussions, managers aim to recognize employees who are good at their jobs, identify areas of improvement and talk about career moves. Pay increases or bonuses are not guaranteed. But we encourage managers/supervisors to recommend rewards for their team members when they deserve them. There won't be any forced ranking or other comparison between employees, as our goal is to help all employees improve and develop their careers.
 - b. Instructing all managers/supervisors to meet with their team members once a week to provide feedback and talk about their work and motivations. This way, you can receive feedback in a timely manner and avoid surprises during your quarterly performance review.

Observation

- 1.4.6.3 During the audit, we observed no evidence that Management conducted performance evaluation of its employees during the period under review as required.

Risk

- 1.4.6.4 The lack of periodic performance appraisal may lead to unnoticed and/or consistent poor performance by employee of the entity, thereby impairing the achievement of the entity's objectives.



1.4.6.5 In the absence of a documented performance evaluation system, employee development plan may not be achieved thereby impairing the achievement of the entity's objectives.

1.4.6.6 Employees may be promoted or demoted on a discretionary basis.

Recommendation

1.4.6.7 Management should facilitate the conduct of periodic performance evaluations for all staff. Performance goals should be clearly defined and documented for all positions.

1.4.6.8 Employees should be familiarized with performance goals and be given the opportunity to periodically evaluate themselves against set goals. Subsequently, performance managers/supervisors should evaluate the performance of assigned employees against set goals and update the employees about the result of the evaluation including areas of targeted development.

1.4.6.9 Management should solicit post feedback from employees about the fairness of the performance evaluation system and make adjustments where applicable.

1.4.6.10 Documentation for performance evaluation should be adequately filed to facilitate future review.

Management's Response

1.4.6.11 *NaFAA has an employee appraisal system as indicated in our HR Manual. We have conducted appraisal and staff self-evaluation to determine staff motivation and needs for performance improvement. **Exhibit #6 shows the Employee Annual Performance Appraisal Form, used to conduct the annual appraisals.***

Auditor General's Position

1.4.6.12 Management's assertions were not supported by documentary evidence. A blank sample exhibit is not a substitute for a comprehensive staff performance evaluation process. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.5 Cash Management

1.5.1 Irregularities Associated with Petty Cash Management System

Criteria

1.5.1.1 Regulation S.2 (2) of the PFM Act of 2009 as amended and restated 2019 states: "Strong rooms, safes or strong boxes provided for the safe custody of public moneys and valuables in a government agency's departments and offices in which such moneys or valuables are received and retained either temporarily or permanently, shall be fitted with two different locks, the keys or combinations of which shall be held by the head of government agency and the Controller".

1.5.1.2 Page 25 of 26 of the Financial Management and Internal control Policy of NaFAA Version Number 2018-001 states that the Comptroller shall designate a petty cash custodian who shall be one of the staffs assigned in the Finance Department. The petty cash custodian shall be responsible for adequate security and control of petty cash funds. The fund shall be securely maintained, preferably in a save or locked cabinet to prevent loss. Any loss of petty cash is the responsibility of the petty cash custodian, except if the cause of the loss is traceable to, or on account of another staff shall then assume responsibility or to acts beyond the petty cash custodian's control.

1.5.1.3 There shall be a petty cash for United States dollars and for Liberian dollars. The petty cash ceiling for United States dollars shall be US\$2,000 while the replenishment balance shall be US\$200. The petty cash ceiling for Liberian dollars shall be L\$100,000 while the replenishment balance shall be L\$15,000. The petty cash custodian shall be responsible to do a request for replenishment of both currencies of petty cash as soon as the replenishment balance is triggered. The replenishment shall have a list of payments that are made from the funds and the individual petty cash vouchers shall be attached as well. The Petty cash voucher shall be approved by Comptroller or Deputy Comptroller and the DG or DDGA. The Director for Administration is authorized to sign as a second signatory to the petty cash voucher if the DG or DDGA is out of the country or on leave. All Petty cash replenishment request shall be reviewed and verified by Internal Audit department.

Observation

1.5.1.4 During the audit, we observed the following irregularities associated with petty cash management at the entity:

- Several staffers requested for the replenishment of petty cash instead of the petty cash custodian;
- Petty cash requisition forms were not signed and approved by the requisite personalities;
- Staffers requested for petty cash replenishment when the balance had not reached the float of L\$15,000.00
- Petty cash checks raised in the name of other staffers rather than the petty cash custodian.

See Table 6 below for details:

Table 6: Irregularities Associated with Petty Cash Management

Date	Requesting staff	Payee	Amount L\$
10/28/2022	Emmanuel W. Fannoh	Daniel R. Brown	100,000.00
9/26/2022	Emmanuel W. Fannoh	Anthony D. Kay	90,700.00
3/28/2022	Sam W. Gbormie	Anthony D. Kay	100,000.00
8/5/2022	Sam W. Gbormie	Daniel R. Brown	98,500.00
11/22/2022	Emmanuel W. Fannoh	Daniel R. Brown	92,500.00
TOTAL			481,700.00

Risk

1.5.1.5 Payments of petty cash to individuals other than the petty cash custodian is a violation of the



institution's Financial Management and Internal control Policy which may lead to misappropriation of entrusted funds.

1.5.1.6 The non-approval of petty cash transactions by the authorized personnel may facilitate the processing of illegitimate petty cash transactions and fraudulent financial management practices.

1.5.1.7 Untimely replenishment of the petty cash float may facilitate misapplication and misappropriation of petty cash transactions and the entity's fund.

Recommendation

1.5.1.8 Management should ensure that all petty cash transactions are authorized by the relevant authority.

1.5.1.9 Petty cash replenishment should be requested by the custodian upon full exhaustion of the petty cash float and subsequently reviewed and approved by the relevant authority before reimbursement of the petty cash float is initiated.

1.5.1.10 Evidence of periodic petty cash liquidation reports and all other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.5.1.11 *Sam W. Gbormie was the custodian of petty cash until end of August 2022, when he became Deputy Comptroller and relinquishing that to Emmanuel Fannoh. This answers for the change in the name of the petty cash custodian. On the issue of the payee, payments were made to Daniel Brown, a finance staff, who delivers the funds to the custodian mentioned above. Because Daniel Brown played the role of an expediter in the interim of the referenced period, petty cash checks were written in the name of another staff, Anthony D. Kay. Note that those payees were only to disburse the checks and deliver the petty cash to the custodian who accounts for it.*

1.5.1.12 *On the issue of petty cash requisition forms not being signed, we wish to point out that it was only few of those forms that never had approval signatures. These minor occurrences were oversight and as a result of engagement of the approving at the time of need and failure to follow up.*

1.5.1.13 *Going forward, we will implement the recommendations of the GAC.*

Auditor General's Position

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

1.6 Expenditures Management

1.6.1 Third-Party Payments made to Employees of the Entity

Criteria

1.6.1.1 B.28 of the PFM Act of 2009 as amended and restated 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”.

Observation

- 1.6.1.2 During the audit, we observed that Management made third-party payments amounting to US\$1,500.00 and L\$460,800 to staffers of the Entity rather than making direct payments to service providers or their legally authorized representatives. **See Table 7 below for details:**

Table 7: Third-Party Payments made to Employees of the Entity

Date	Voucher #	Payee	Description	Amount L\$	Amount US\$
11/30/2022	3742	Lewis E. B. Konoe	Payment for press and media service	-	1,500.00
4/5/2023	3969	Lewis E. B. Konoe	Payment to Coastal Radio Stations	408,000.00	-
12/19/2023	4357	Anthony D. Kay	Payment for truck rental to transport 528 bags of rice	52,800.00	-
TOTAL				460,800.00	1,500.00

Risk

- 1.6.1.3 Paying cash to employee for subsequent disbursement to vendors may facilitate misappropriation of funds.
- 1.6.1.4 This practice may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

Recommendation

- 1.6.1.5 Management should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act.
- 1.6.1.6 All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.
- 1.6.1.7 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

- 1.6.1.8 *The payment of LRD408,000.00 made to Mr. Lewis Konoe (Director of Communication and Media Services) were intended for coastal radio stations in far-away counties. When transfers were made to those media institutions, we ensured that there was confirmation of receipt by the beneficiaries through the issuance of official receipts. **Please see Exhibit #8 (receipts amounting to total check amount).** It made economic sense for both NaFAA and the media institutions to have done these payments like we did.*

- 1.6.1.9 *On the payment of LRD52,800 made to Mr. Anthony D. Kay for the hiring of truck to deliver rice for staff during Christmas, Management thought it wise to do so because those truck drivers or owners are mostly informal groups. Most of them will outrightly refuse to do business because of the bureaucracy of encashing checks or some might not even have ID cards to receive and encash their checks.*
- 1.6.1.10 *Howbeit, we have instituted corrective measures since. All service providers in the categories mentioned above are now being paid through the mobile money system.*

Auditor General's Position

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

1.6.2 Payments without Evidence of Adequate Supporting Documents

Criteria

- 1.6.2.1 Section 9.7 of the National Defense Act of 1956 as amended and restated 2008, states that "consistent with Article 34b & c of the Constitution, the Legislature of Liberia shall exercise its oversight responsibilities by requiring report from the AFL through the Ministry of National Defense on accountability and may ask questions on area of defense concerns. This Legislative oversight shall be transparent and may be available to the public but remain cognizant of the National Security interest of the country."
- 1.6.2.2 Regulation D.14 of the PFM Act of 2009 as amended and restated 2019 states that, "Where in the National Budget or supplementary appropriations, budgetary classifications are made for expenditures of a confidential nature; the details of such classification shall be presented and agreed with the leadership of the Legislature. (2) After agreeing with Leadership of the Legislature, then the summary, subtotal or total shall be shown in the National Budget or added to another figure in the National Budget or the Supplementary Budget."
- 1.6.2.3 Regulation P.9 (2) of the PFM Act of 2009 as amended and restated 2019 states that "Payments except for statutory transfers and debt services shall be supported by invoices, bills and other documents in addition to the payment vouchers."

Observation

- 1.6.2.4 During the audit, we observed no evidence of adequate supporting documents such as proof for reimbursement, invoices, delivery notes/job completion certificate, etc., for transactions amounting to US\$46,769.40 for various expenditures for FY 2023. **See Annexure 3 for details.**

Risk

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



- 1.6.2.6 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.
- 1.6.2.7 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.6.2.8 Management may override the procurement processes by completing disbursement without utilizing the required procurement methods.

Recommendation

- 1.6.2.9 Management should fully account for expenditure made without adequate supporting documents comprehensively catalogued in Annexure 3.
- 1.6.2.10 Management should provide evidence of supporting documents for transactions comprehensively catalogued in Annexure 1 not made available for audit purposes. The requested documents should be submitted to the Office of the Auditor General, as part of Management's response to this Management Letter.
- 1.6.2.11 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.6.2.12 Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.

Management Response

- 1.6.2.13 *After a review of the referenced vouchers without adequate supporting documents, we can now confirm that all supporting documents are attached to the vouchers. **Kindly see Exhibit #9 containing the vouchers and attachments.***
- 1.6.2.14 *Additionally, we have instituted measures to curb the re-occurrence of inadequate attachments to vouchers. We are also electronically filing each financial transaction from the initial stage up to the issuance of checks.*

Auditor General's Position

- 1.6.2.15 We acknowledge Management's assertions and subsequent provision of requested documents after our audit execution. However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation, financial reporting and document management.



1.6.2.16 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documentations are scanned, attached to the transactions, archived and maintained to facilitate future review.

1.6.3 Non-Withholding and Remittance of GST

Criteria

1.6.3.1 Section 905 (J) and (M) of the Revenue Code of Liberia Act of 2000 states: (j) "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."

Observation

1.6.3.2 During the audit, we observed no evidence of goods & services tax (GST) (2% or 4% for goods, 10% and 15% for service and consultancy of resident and non-resident respectively and 1% for petroleum products) being withheld and remitted into GoL Revenue Account for the purchase of goods and services. **See Table 8 below for details:**

Table 8: Non-Withholding and Remittance of GST

Description	FY 2022 US\$ A	FY 2023 US\$ B	Total US\$ C=(A+B)	Rate D	GST US\$ E=(CxD)
Fuel	180,408.25	128,599.40	309,007.65	1%	3,090.08
Rent	39,907.00	119,091.03	158,998.03	10%	15,899.80
Supplies and Consumables	50,202.50	10,342.80	60,545.30	2%	1,210.91
TOTAL	270,517.75	258,033.23	528,550.98		20,200.79

Risk

- 1.6.3.3 Failure to withhold and remit GST may deny GoL of the much-needed tax revenue.
- 1.6.3.4 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.**
- 1.6.3.5 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.6.3.6 Management should provide substantive justification for not withholding and remitting GST.



- 1.6.3.7 Going forward, Management should withhold GST on all goods and services procured and facilitate full remittance of GST to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended 2011.
- 1.6.3.8 Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's response

- 1.6.3.9 *In almost all cases, NaFAA withheld the percentage of tax due on vendors' payments. Unfortunately, remittance to LRA was a challenge due to revenue constraints. Because of the action of not remitting monies withheld from vendors, some vendors demanded full payment before provision of services or supply of goods. In those instances, management did not withhold the taxes on payments. Taxes withheld from vendors are captured in the financial statement and plans are underway to settle them.*
- 1.6.3.10 *We are also pleased to inform GAC that corrective measures have now been instituted. In line with the revenue code, withholdings are applied on vendor payments and remittances are made to LRA.*

Auditor General's Position

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

1.6.4 Irregularities Associated with Utility Fuel and Scratch Cards Management

Criteria

- 1.6.4.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states: "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."
- 1.6.4.2 Section 1.5 & 1.6 Policy on fuel, scratch cards, rice benefit, Utility fuel and scratch cards states; In furtherance of the check and balance, the chief driver who shall be responsible for fleet management must monitor the movement of all vehicles by placing on board log to track daily information on vehicle movement and fuel used. The chief driver Monthly report and submit same to the director for administration and general service for his/her reviewed and record.

Observation

- 1.6.4.3 During the audit, we observed the following irregularities associated with fuel and scratch cards management:
- Fuel and scratch cards distribution logs did not include the signatures of the recipients;



- Management did not record comprehensive fuel consumption details of the entity's generator;
- No evidence that Management maintained report for the usage of utility fuel amounting to US\$10,757.50 and scratch cards amounting to US\$5,020.00 for FY 2023. **See Tables 9a and 9below for details:**

Table 9a: Irregularities Associated with Fuel and Scratch Cards Management

No.	Fiscal Year	Month	Description	Quantity	Amount US\$
1.	2023	July	Utility fuel	525 gals	2,598.75
2.	2023	June	Utility fuel	525 gals	2,598.75
3.	2023	May	Utility fuel	525 gals	2,860.00
4.	2023	December	Utility fuel	500 gals	2,700.00
TOTAL					10,757.50

Table 9b: Irregularities Associated with Fuel and Scratch Cards Management

No.	Fiscal Year	Month	Description	Quantity	Amount US\$
1.	2023	July	Utility scratch cards	256 pcs	1,280.00
2.	2023	June	Utility scratch cards	256 pcs	1,280.00
3.	2023	May	Utility scratch cards	256 pcs	1,280.00
4.	2023	December	Utility scratch cards	236 pcs	1,180.00
TOTAL					5,020.00

Risk

- 1.6.4.4 Fuel and scratch cards procured for utility may not be based on actual consumption.
- 1.6.4.5 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.
- 1.6.4.6 Fuel procured may not be based on actual consumption.
- 1.6.4.7 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.
- 1.6.4.8 In the absence of a detailed daily fuel consumption report, beginning and ending gauge readings of the generator, the actual fuel consumption for the generator may not be validated.

Recommendation

- 1.6.4.9 Management should maintain a utility fuel and scratch card comprehensive consumption and distribution log to aid the entity manage cost and inform future purchase. All unutilized fuel and scratch cards allocation should be duly accounted for, carry forward to subsequent period and factor in the subsequent procurement.
- 1.6.4.10 Management should maintain a complete fuel consumption log, that includes beginning and ending gauges and daily fuel consumption reports.



- 1.6.4.11 Evidence of fuel consumption log and fuel consumption reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.4.12 *In the management of utility fuel and scratch cards, staff requesting for any of such fills in a simple fuel or scratch card form that contains the requester name, purpose, amount and signatures of the requester and the approving authority. At the end of the period, a report is generated and attached to the request for the subsequent month's requisition. The slips/forms were signed for by the requesting staff from which reports for the period are generated. **Kindly see Exhibit #10 for the usage report.***
- 1.6.4.13 *Management maintained a record of its generator fuel consumption for the period. Nevertheless, management was challenged by issues of fuel theft, lack of adequate understanding of reporting by the assigned staff though tutorials were provided. Management investigated the staff assigned to the generator operations and that led his contract been terminated and the eventual employment of a new staff to handle such operation. Currently, there are strict measures in place void of theft and inclusive of a comprehensive fuel consumption report containing beginning and ending gauges. **See Exhibit #11 (Generator Fuel Consumption Report).***

Auditor General's Position

- 1.6.4.14 We reviewed the documents subsequently submitted by Management, after our audit execution. We have adjusted the fuel transactions without supporting documents to (US\$10,757.50 – US\$2,860.00) US\$7,897.50 and the scratch card transactions to (US\$5,020.00 – US\$0) US\$5,020.00 to be accounted for by Management. Therefore, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6.5 Irregularities Associated with Travel Expenditures

Criteria

- 1.6.5.1 Section 29 of the GoL Revised Travel Ordinance 2016/2017 states that "Upon return from abroad, officials are required to submit to the Financial Regulations Unit of the Ministry of Finance and Development Planning, a Travel Settlement Form as per Annexure II and copy of certificates for workshops, seminars, etc., used ticket stubs, copy of passport within 14 days from the date of return from tour or before date of next journey, whichever is earlier. In very exceptional cases where the second granted with the specific written approval of the official concerned, explaining the reasons thereof".

Observation

- 1.6.5.2 During the audit, we observed the following irregularities associated with travel expenditures amounting to US\$34,392.30:
- Incidental allowances were not duly retired.
 - No evidence that the Travel Settlement form was completed by the travelers upon their return from each trip as required.

- No evidence of travel activities reports for some travel expenditures. **See Table 10 below for details:**

Table 10: Irregularities Associated with Travel Expenditures

Date	Payee	Description	Payment Voucher #	Amount US\$
9/12/2022	Ellen K. Teewon	Payment of foreign travel DSA for trip to Senegal.	2909	1,108.00
11/10/2022	NaFAA Staff	Payment of foreign travel DSA for trip to Senegal and Portugal.	3699	7,365.00
10/21/2022	Nasi T. Broh	Payment of foreign travel DSA for trip to Senegal.	3654	1,108.00
2/18/2022	Mohammed Dablo	Payment of foreign travel DSA for trip to Senegal.	3058	1,108.00
6/23/2022	NaFAA Staff	Payment of foreign travel DSA.	3435	8,457.60
6/2/2022	NaFAA Staff	Payment of foreign travel DSA for trip to Ghana.	3376	6,950.00
9/22/2023	Eugenia L. Nagbe	Payment for additional DSA for trip to Accra Ghana	4244	1,052.00
3/4/2023	NaFAA staff	Payment for DSA for trip to Mauritania and Senegal	3910	4,303.00
3/17/2023	NaFAA staff	Payment for DSA for trip to Blue Justice Conference	3938	6,191.70
9/22/2023	Eugenia L. Nagbe	Payment for additional DSA for trip to Accra Ghana	4244	1,052.00
TOTAL				34,392.30

Risk

- 1.6.5.3 Non-compliance with the national travel ordinance or the entity's approved travel ordinance where applicable may lead to misappropriation of public funds. Travel expenditures may be disbursed above the approved rates.
- 1.6.5.4 Travel expenditures not appropriately retired/accounted for may lead to misappropriation of the entity's funds.
- 1.6.5.5 In the absence of travel activities reports, travel expenditure may be utilized for unapproved activities.

Recommendation

- 1.6.5.6 Management should account for travel expenditures made without evidence of travel activities reports comprehensively catalogued in Table 10.
- 1.6.5.7 All incidental allowances should be duly retired through the filling and subsequent approval of the travel settlement form. The form should be accompanied by original copies of receipts and travel activities reports to justify the regularity of the transactions.



- 1.6.5.8 Evidence of all travel expenditures records including travel settlement forms, original copies of receipts and travel activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.5.9 *Management has attached incidental allowance retirement, travel settlement, and back to office reports. **Please see Exhibit #12.***

Auditor General's Position

- 1.6.5.10 We reviewed the documents subsequently submitted by Management, after our audit execution. We have adjusted the travel expenditures without supporting documents to (US\$34,392.30 – US\$16,533.00) US\$17,859.3 to be accounted for by Management. Therefore, we maintain our recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.6.6 Payment Vouchers not Approved before Disbursements

Criteria

- 1.6.6.1 Regulations P.11 (1) of the PFM Act of 2009 as amended and restated 2019, requires that a head of government agency may in writing authorize by name officers in his Government Agency or office to sign payment vouchers on his behalf and shall in doing this set the financial limits and other conditions within which this authority shall be exercised and communicate same in writing to the Comptroller-General and the Auditor General.
- 1.6.6.2 Page 22, paragraph 2 of the Financial Manual and Internal Control Policy of the Entity states that, all requests for direct payment to employees or for goods and services shall be addressed to the Director General for approval by the Deputy Director General for Administration if the request emanates from an administrative department. Likewise, all requests for direct payment employees or for goods and services shall be addressed to the Director General for approval by the Deputy Director for Technical Services if the request emanates from a technical department. The Director General shall approve requests with due consideration to the entity's approved budget and availability of funds. After approval, if the payment is a direct payment, the document shall be forwarded to the Finance Department for processing. If the payment is procurable in nature, it shall be sent to the procurement department who shall solicit quotations from vendors or select the method of procurement based on the Public Procurement and Concession Act of Liberia.

Observation

- 1.6.6.3 During the audit, we observed that series of payment vouchers amounting to US\$34,705.00 and L\$137,000.00 were not approved by the Director General or her Designee or the Deputy Director General for Administration. **See Table 11 below for details:**



Table 11: Payment Vouchers not Approved before Disbursements

Date	Payee	Description	Payment Voucher #	Amount L\$	Amount US\$
3/10/2022	Clar Hope Foundation	Payment of donation to the Clar Hope Foundation.	3163	-	5,000.00
	FINS INC.	Payment for the Provision of fisheries Management.	3176	-	6,466.50
4/5/2022	Amb. George M. Weah Scholars	Payment for scholarship fund drive.	3264	-	10,000.00
3/10/2022	NaFAA staff	Payment for local travel DSA	3161	137,000.00	-
4/6/2023	NaFAA staff	Payment for DSA for trip to the USA.	3987	-	8,235.50
4/3/2023	NaFAA staff	Payment for DSA for trip to Mauritania and Senegal.	3910	-	4,303.00
12/20/2023	NaFAA staff	Payment for incidental for trip to Japan.	4362	-	700.00
TOTAL				137,000.00	34,705.00

Risk

- 1.6.6.4 Failure of Management to obtain the required numbers of approvers for transactions may impair the legitimacy of the transactions and facilitate the processing of unapproved expenditures.

Recommendation

- 1.6.6.5 Management should ensure that all payment vouchers are approved by the required numbers of authorizers (Comptroller and the Director General/Deputy Director General for Administration) to validate the legitimacy of the transactions.
- 1.6.6.6 Evidenced of approved payment vouchers and all relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.6.6.7 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for transactions are scanned, attached to the transactions in the accounting software, archived and maintained to facilitate future review.

Management's Response

- 1.6.6.8 *We note the concerns of vouchers not being signed but wish to indicate that those were oversight on the part of the responsible persons. The payments referenced were approved by the requisite authorities, through the appropriate channels and checks were signed and received by the rightful persons. The check signatories are those who approved the voucher and considering their engagement at particular points in time, they must have overlooked the signing of the vouchers. As it is, those signatories have signed the vouchers. **Please see Exhibit #13 – (Signed payment Vouchers).** We will ensure that all vouchers are signed as checks are being signed, going forward.*



Auditor General's Position

- 1.6.6.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent provision of requested documents after our audit execution. However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation, financial reporting and document management.
- 1.6.6.10 Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner. Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documentations are signed, approved, scanned, attached to the transactions, archived and maintained to facilitate future review.

1.6.7 Payment Vouchers not Reviewed by Internal Auditor before Disbursements

Criteria

- 1.6.7.1 Page 22 of the Financial Accounting Manual of NaFAA's Steps/ Processes states that all disbursement shall be done through checks drawn on the NaFAA Bank accounts excepts for Petty cash disbursements. All payments vouchers, Petty cash vouchers and checks shall be serially numbered and shall be verified by the Internal Auditor. All paid invoices shall be Stamped Paid so as to avoid double payment on a single invoice.

Observation

- 1.6.7.2 During the audit, we observed that Management processed and made several payments amounting to US\$28,400.46 without evidence of an Internal Audit review (sign-off or stamp on documents). **See Table 12 below for details:**

Table 12: Payment Vouchers not Reviewed by Internal Auditor before Disbursements

Date	Payee	Description	Payment Voucher #	Amount US\$
9/26/2022	Waheguru Travels Inc.	Payment for foreign air ticket for DDGA, Austin Wehye, Admed Sheriff and Daniel Wesseh	3589	13,292.16
3/23/2022	Super Petroleum Company	Payment for the supply of petroleum product for the month of April 2022.	3226	10,068.30
3/2/2022	Gbaintor Law Firm	Payment of retainer fees for the month of January 2022.	3109	3,000.00
6/21/2022	Rudted Group of Companies LLC	Payment for the printing of assorted materials	3456	2,040.00
TOTAL				28,400.46

Risk

- 1.6.7.3 Segregation of duties and checks and balances may be impaired. This may lead to misappropriation/misapplication of the entity's funds.



- 1.6.7.4 Effective review and reconciliation of financial transactions may be impaired. This may lead to fraudulent financial management practices and misappropriation of the entity's funds.
- 1.6.7.5 System and controls deficiency and irregularities may not be detected and corrected in a timely manner.

Recommendation

- 1.6.7.6 Management should ensure that all transactions are reviewed and approved by the internal audit department before disbursements to vendors /beneficiaries are initiated.
- 1.6.7.7 Evidenced of approved payment vouchers and all relevant supporting records should be adequately documented and field to facilitate future review.

Management's Response

- 1.6.7.8 *We are keen on ensuring that all payment vouchers are reviewed by the Internal Auditor before signing and issuance of checks. The payment vouchers referenced were brought to the attention of the internal auditor assigned at the point in time. Due to his absence from office and in the spirit of not stalling the Authority's operations, the auditor provided his consent to proceed with the signing and issuance of the checks. Unfortunately, due to oversight, the vouchers were not returned to the office of the internal auditor to have the clearing memo placed on the vouchers. We want the GAC to note that had there been any override of the internal audit function, said non-compliance would have been reflected in the internal audit reports presented to you.*
- 1.6.7.9 *Howbeit, we have instituted strict measures going forward that all vouchers must be signed by the internal auditors before signing and issuance of the checks.*

Auditor General's Position

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

1.7 Fixed Assets Management

1.7.1 Irregularities Associated with Property, Plant and Equipment (PPE)

Criteria

- 1.7.1.1 IAS 16, "Property, Plant and Equipment" requires Property, Plant and Equipment to be measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.
- 1.7.1.2 Regulation V.4 of the PFM Regulation of 2009 as amended and restated 2019 states" (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency. (2) The master inventory shall record under each category of item: (a) the date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held. (3) In



respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location. (4) The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur. (5) The initial entries and all other entries made later on both copies of the inventory shall be validated by the signature of the officer having the use of the items, or where there is more than one officer, the most senior of them.

Observation

- 1.7.1.3 During the audit, we observed the following irregularities associated with the entity's fixed assets management system:
- The fixed assets register was not regularly updated;
 - No evidence of movement of fixed assets form;
 - The fixed assets register did not contain all the relevant columns;
 - No evidence of periodic physical verification of fixed assets;
 - The notes to the financial statements did not include a schedule for depreciation; accumulated depreciation and subsequent net book value of fixed assets;
 - No evidence of periodic reconciliation between the fixed assets register and the fixed assets ledgers.
 - Fixed assets within a given vicinity were not displayed as required by the PFM

Risk

- 1.7.1.4 The completeness, existence and valuation of PPE may not be assured. Therefore, the fixed assets register, fixed assets ledgers and subsequently the financial statements may be misstated.
- 1.7.1.5 In the absence of the required PPE disclosures, fair presentation and full disclosure may be impaired.
- 1.7.1.6 Fixed assets may be damaged or impaired, but their values are still on the books.
- 1.7.1.7 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.7.1.8 The lack of asset 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.
- 1.7.1.9 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials.

Recommendation

- 1.7.1.10 Management should ensure that all assets value is recorded and maintained in the register.
- 1.7.1.11 Management should ensure that the fixed assets register is updated to reflect the following: description, source of purchase, date of purchase, class, code, assignee, location, condition,

- original cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.7.1.12 Management should conduct periodic assets count and /or verification to determine the current condition and location of the assets. Evidence of periodic physical verification exercises should be adequately documented and filed to facilitate future review.
- 1.7.1.13 The fixed assets Register should be updated periodically to reflect all of the assets and their current conditions.
- 1.7.1.14 A Movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.
- 1.7.1.15 Management should facilitate periodic reconciliation between the fixed assets register and fixed assets ledgers. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation should be adequately documented and filed to facilitate future review.
- 1.7.1.16 Management should facilitate the required disclosures of PPE by including in the notes to the financial statements the following: Opening costs, addition of fixed assets, disposals, closing costs, opening accumulated depreciation, depreciation expense for the year, closing accumulated depreciation and the net book value of fixed assets.
- 1.7.1.17 Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.

Management's Response

- 1.7.1.18 *Management currently has a fixed assets register maintained by the Department of Administration and General Services which contains many of the sections recommended except sources of purchase, depreciation expense, accumulated depreciation and net book value. Going forward, we will ensure that those other components are added to our fixed assets register.*
- 1.7.1.19 *Again, management has conducted periodic asset count and verification in a bid to determine the conditions and locations of assets of the institution. However, management has accepted to fully document and filed the appropriate documents on assets verification.*
- 1.7.1.20 *Additionally, transitioning to a fully automated financial system in compliance with IFRS will address these concerns. We have already budgeted for the transitioning process.*

Auditor General's Position

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



1.8 Inventory Management

1.8.1 Irregularities Associated with Inventory Management System

Criteria

- 1.8.1.1 Regulation U.7 (2) of the PFM Act of 2009 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government inventories.

Observation

- 1.8.1.2 During the audit, we observed the following irregularities associated with the inventory management system:
- No evidence of approved policy to regulate inventory management of the entity.
 - Inventories were not systematically arranged on shelves and comprehensively labeled.
 - No evidence of manual or automated inventory management system comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.
 - No evidence of periodic physical verification of inventories/stock take.

Risk

- 1.8.1.3 Inventories may be procured, stored, distributed and reported on a discretionary basis in the absence of a policy.
- 1.8.1.4 Inventory may not be duly accounted for in the absence of a comprehensive inventory management system and non-performance of periodic physical verification.
- 1.8.1.5 Inventory may be misappropriated leading to decline in operational activities.

Recommendation

- 1.8.1.6 Management should develop, approve and operationalize an inventory management policy to regulate inventory management of the entity. The policy should comprehensively catalog provisions for ordering, storing, distributing and recording of inventories/ stationery & supplies and the nature and timing of stock-take/ physical verification of inventories/ stationery and supplies.
- 1.8.1.7 Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.
- 1.8.1.8 Inventory should be systematically arranged on shelves, comprehensively and systematically labelled to facilitate effective monitoring, evaluation and recording of inventories.



- 1.8.1.9 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.
- 1.8.1.10 Evidence of approved policy, and all other inventory records including records of periodic stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

- 1.8.1.11 *We note the concern of the GAC that there are no inventory management policy and automated inventory management system at NaFAA.*
- 1.8.1.12 *However, we wish to point out that inventories bought and stored in the warehouse were most often in small quantities only to be used for a limited time. During that limited period, the inventories in the warehouse were arranged by inventory kind and the warehouse requisition form was used for obtaining inventories from the warehouse. The warehouse staff manually recorded inventory using stock cards and recoding inventory balances.*

Auditor General's Position

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

1.9 Revenue Management

1.9.1 Irregularities Associated with Internally Generated Revenue

Criteria

- 1.9.1.1 Regulation O.1 (1 & 2) of the PFM Act of 2009 as amended and restated 2019 states: "(1) All government agencies shall provide in their annual budgetary estimates, their expected revenue collections and internally generated funds. (2) A head of government agency is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their agencies, departments or office".

Observation

- 1.1.1.1 During the audit, we observed the following irregularities associated with internally generated revenue:
- No evidence of an approved policy on internally generated revenue;
 - Approved fees listing not display at visible location;
 - No evidence of periodic internally generated revenue reports;
 - Management did not provide detailed ledger on other income amounting to US\$100,000.00 for FY 2023.

Risk

- 1.9.1.2 The completeness and accuracy of revenue may not be assured; therefore, the financial statements may be misstated.

1.9.1.3 Internally generated revenue may be projected, collected and reported on a discretionary basis.

1.9.1.4 Management may not fully account for revenue generated by the entity.

Recommendation

1.9.1.5 Management should develop, approve and operationalize a policy to regulate the projection, collection and reporting of internally generated revenue. As part of the policy, Management should develop approved fees for service. Fees for service should be displayed at visible location at centers for the collection of internally generated revenue. Management should also ensure that approved fees for service is consistent with fees charged to customers evidenced by fees reported on invoices and receipts.

1.9.1.6 Management should facilitate the preparation of periodic internally generated revenue collection reports.

1.9.1.7 Management should establish subsidiary ledgers for each source of revenue. Subsequently, Management should perform periodic reconciliation among invoices, receipts, bank statements and the subsidiary ledgers (including the financial statements). Differences identified should be investigated and adjusted (where applicable) in a timely manner.

1.9.1.8 Evidence of approved policy, periodic reconciliation, periodic reports and other supporting records including invoices, receipts, deposit slips and bank statements should be adequately documented and filed to facilitate future review.

Management's Response

1.9.1.9 *Page 6 of the Financial Management and Internal Control Policy of NaFAA indicates how revenues are reported. There is no separate policy on the regulation of internally generated revenue; hence, we will adhere to the recommendation of the GAC to develop, seek approval from the Board and operationalize the policy to regulate the projection, collection and reporting of internally generated revenue and other recommendations on revenue management.*

Auditor General's Position

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

1.9.2 Non-Withholding and Remittance of Government's Share of Revenue

Criteria

1.9.2.1 Chapter III, Article 25 of the Liberia's Constitution of 1986 states that Obligation of contract shall be guaranteed by the Republic and no laws shall be passed which might impair this right.

1.9.2.2 Chapter VI, count 3 of the NaFAA's Act of 2017 states that the Authority shall be funded with monies collected from its activities will be deposited into a transitory account manage by the Authority and the Ministry of Finance and Development Planning and distributed as follows:



- a. For the first five (5) years the ratio of distribution shall be sixty percent (60%) to the Authority and forty percent (40%) to the Government,
- b. For the next five (5) years the ratio of distribution shall be fifty percent (50%) to the Authority and fifty percent (50%) to the Government, and
- c. Thereafter, the ratio shall be forty percent (40%) for the Authority and sixty percent (60%) for the Government.

Observation

- 1.9.2.3 During the audit, we observed no evidence that Management withheld and remitted government's share of revenue of US\$3,170,450.17 during the periods under audit. **See Table 13 below for details:**

Table 13: Non-Withholding and Remittance of Government's Share of Revenue

Fiscal Year	Revenue Reported in Financial Statements US\$ A	Rate B	Government's Share of the Revenue US\$ C	Payments made by NaFAA to GoL	Variance US\$ E=(B-C)
				US\$ D	
2022	3,514,332.85	50%	1,757,166.43	-	1,757,166.42
2023	3,626,567.48	50%	1,813,283.74	400,000.00	1,813,283.74
TOTAL	7,140,900.00		3,570,449.74	400,000.00	3,570,450.59

Risk

- 1.1.1.1 Failure to withhold and remit GoL's share may deny GoL of the much-needed revenue.
- 1.1.1.2 Management may be noncompliant with Chapter VI, count 3 of the NaFAA's Act of 2017.
- 1.1.1.3 Non-remittance of government's share may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.1.4 Management should provide substantive justification for not withholding and remitting GoL's share of revenue comprehensively catalogued in Table 19 above, as part of Management's response to this Management Letter.
- 1.1.1.5 Going forward, Management should withhold GoL's share of revenue on all revenues generated and facilitate full remittance to the general revenue account in keeping with Chapter VI, count 3 of the NaFAA's Act of 2017.
- 1.1.1.6 Evidence of remittance of all relevant and other supporting records should be adequately documented and filed to facilitate future review.



Management Response

- 1.1.1.7 *NaFAA has been experiencing revenue shocks since the 2020/2021 fiscal year. The summary reasons for these shocks were that the European Union Sustainable Fisheries Partnership Agreement had ended and many fishing vessels had pulled out of our registry. In that light, the Board of Directors approved the non-remittance of revenue to GoL for three fiscal periods until alternative sources of revenue are found and conditions improved. This decision falls within the powers of the Board as they have functions to "approve the annual budget, financial plan and Human Resources Management Plan of the Authority and otherwise provide oversight for all financial matters" as per Section 3.11 (f) of the Act establishing NaFAA. Please see an attached Exhibit numbered 10 - The Board resolution and communication to the Minister of Finance and Development Planning. The Minister of Finance and Development Planning was informed of the decision of the Board. These were conditions that were sufficient to guide the decision of the management of NaFAA in its quest to halt remittance for the survival and proper functioning of the entity. The Ways, Means and Finance Committee at the Legislature are abreast of our prior contributions. It was similar committee that signed a resolution for the non-remittance of revenue for the period.*

Auditor General's Response

- 1.9.2.4 Management's assertions did not adequately address the issues raised. The NaFAA Act enacted by the National Legislature clearly provides for the annual remittances of the government's share of revenue. If through assessment of the entity's financial performance and records the Legislature concludes that the annual remittances of GoL's share of revenue is impractical, such decision should be derived based on a concurrence from the relevant committee of both Houses of the National Legislature. In the absence of evidence of a concurrence approved by the relevant committee of both Houses, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.10 Receivables Management

1.10.1 Irregularities Associated with Accounts Receivables Management

Criteria

- 1.10.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states: "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."
- 1.10.1.2 Regulations O.1 (3) of the PFM Act of 2009 as amended and restated 2019 states: "Head of government agency shall ensure that all persons liable to pay revenue are informed of bills, demand notes and other appropriate notices, of debts which are due and that adequate measures are taken to obtain payment".

- 1.10.1.3 Furthermore, Regulations O.21 (1 to 3) of the PFM Act of 2009 as amended and restated 2019 states: "(1) Government Agency revenue collectors shall keep records of moneys collected in such form as the Comptroller-General may determine and for such periods consistent with the provisions of Regulation 12. (2) The records shall show the persons from whom revenue is due, description of liability, the amount payable, the date, location, receipt number and amount of the collections made. (3) The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly".

Observation

- 1.10.1.4 During the audit, we observed the following irregularities associated with receivables management during the periods under audit:
- No evidence of an accounts receivables policy;
 - No evidence of an accounts receivables aging analysis;
 - No evidence of follow-up processes to facilitate the timely collection of receivables;
 - No evidence of periodic reconciliation and confirmation of receivables balance;
 - No evidence of periodic write-off of significantly overdue receivables.

Risk

- 1.10.1.5 Receivables may be accrued, collected and written-off on a discretionary basis. This may lead to the under collection or misstatement of receivables.
- 1.10.1.6 The completeness and accuracy of receivables may not be assured; therefore, the financial statements may be misstated.
- 1.10.1.7 In the absence of a receivables ageing schedule, receivables may not be reliably monitored, evaluated and collected in a timely manner.
- 1.10.1.8 Fair presentation and full disclosures may be impaired when receivables are recorded in the wrong accounting period. Receivable balance and subsequently the financial statements may be misstated.

Recommendation

- 1.10.1.9 Management should develop, approve and operationalize receivables management policy to regulate the recognition, collection, adjustment and management of accounts receivables. The policy should include a specified period for follow-up on debt collection and clearly defined actions to be undertaken at each specified period. The policy should also include provision for adjustment and write-off of accounts receivables consistent with IFRS. Revenue/receivable should be recognized upon the completion of service and the subsequent issuance of invoice.
- 1.10.1.10 Management should establish receivable aging analysis to monitor the age of receivables and implement the specified actions to be taken based on the age of the debt consistent with the receivables management policy. The schedule should contain the following: names of the receivables, address of the receivables, contacts of receivables, date of recognition, initial invoice, payments, additional invoices, current receivables balance, and age grouping.



- 1.10.1.11 Going forward, Management should ensure that current expected credit loss analyses and the Accounts Receivable Aging Analysis are included in the notes to the financial statements. These analyses will enable Stakeholders/Users of the financial statements to ascertain the 'trend' relating to collectability, and correct net realizable value of the trade receivables in the statement of financial position.
- 1.10.1.12 Management should periodically analyze account receivables to identify slow moving and or impaired receivables and adjust consistent with policy.
- 1.10.1.13 Management should perform periodic reconciliation of receivable balances by reconciling accounts receivable ledgers to customers' statements, receivable confirmation, and the receivable aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

Management's Response

- 1.10.1.14 *We note the concerns of the GAC about the absence of an accounts receivable management policy and the proposition of other recommendations towards accounts receivable management.*
- 1.10.1.15 *Going forward, we will develop an accounts receivables management policy and implement other recommendations as contained in the audit.*

Auditor General's Position

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

1.11 Payables Management

1.11.1 Irregularities Associated with Accounts Payables Management

Criteria

- 1.11.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states: "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister."
- 1.11.1.2 Furthermore, Regulations O.21 (2 & 3) of the PFM Act of 2009 as amended and restated 2019 states: "(2) The records shall show the persons from whom revenue is due, description of liability, the amount payable, the date, location, receipt number and amount of the collections made. (3) The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly".



Observation

1.11.1.3 During the audit, we observed the following irregularities associated with payable/commitment management:

- No evidence of accounts payables management policy;
- No evidence of accounts payables aging analysis;
- No evidence of periodic review of significantly overdue payables/commitments.

Risk

1.11.1.4 Payables may be incurred, paid and written-off on a discretionary basis. This may lead to the over payment or misstatement of payables.

1.11.1.5 The completeness and accuracy of payables may not be assured; therefore, the financial statements may be misstated.

1.11.1.6 In the absence of a payables ageing schedule, payables may not be reliably monitored, evaluated and disbursed in a timely manner.

Recommendation

1.11.1.7 Management should develop, approve and operationalize payables management policy to regulate the recognition, disbursement, adjustment and management of accounts payables. The policy should include a specified period for follow-up on credit payments and clearly defined actions to be undertaken for prioritizing payments. The policy should also include provision for adjustment and write-off of accounts payables consistent with required regulations.

1.11.1.8 Management should establish payables aging analysis to monitor the age of payables and implement specified actions to be taken based on the age of the credits consistent with the payables management policy. The schedule should contain the following: names of the payees, address of the payees, contacts of payees, date of recognition, initial invoice, payments, additional invoices, current payables balance, and age grouping.

1.11.1.9 Management should periodically analyze account payables to identify overdue payables and adjust/write-off consistent with policy. All payables write-off should be reviewed and approved by the relevant authority before execution.

1.11.1.10 Management should perform periodic reconciliation of payables balances by reconciling accounts payables ledgers to vendors' statements, payables confirmation, and the payables aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

Management's Response

1.11.1.11 *We note the concerns of the GAC about the absence of an accounts payable management policy and the proposition of other recommendations towards accounts payable management.*

1.11.1.12 *Going forward, we will develop an accounts payables management policy and implement other recommendations as contained in the audit.*

Auditor General's Position

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



2 STATUSES ON THE IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATION

Recommendations conveyed during financial statement audit of the National Fisheries & Aquaculture Authority (NaFAA) for the year ended December 31, 2021 are indicated in the Table below:

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
1	<p>1.1 Inappropriate Financial Reporting Requirements</p> <p>Observation</p> <p>1.1.1.3 During the audit, we observed that the financial statements prepared by Management did not comply with the International Financial Reporting Standards (IFRSs). We also observed the following non-compliance with IFRS:</p> <p>Recommendation</p> <p>1.1.1.6 Management should develop, approve and operationalize a plan to fully transition to IFRS as its financial reporting framework as mandated by the GoL and in accordance with the requirement of IFRS.</p> <p>1.1.1.7 The approved transition should be fully operationalized within six (6) months after the issuance of the Auditor General's report.</p>	<p><i>Noted. The transition process to IFRS will commence in January of 2024 fiscal year. We have budgeted for this activity in our 2023 revised budget and also in our 2024 proposed budget. See Exhibit 1 (Note to the 2024 proposed budget – Professional Services).</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>
2.	<p>Observation</p> <p>2.1.1.1 During the audit, we observed that Management maintained a Liberian dollar bank account (Acct. No. 001LRD21322295006) with a closing bank balance of L\$2,037,336.44 for the period under audit. In Note 2 (b)(ii), paragraph two (2) of the NaFAA's financial statements, we observed that Management used L\$155.24 to US\$1</p>	<p><i>Noted. The financial statements have been revised and reflects the appropriate closing rate of the CBL as of December 31, 2021. See Exhibit 2 (Revised Financial Statements – July 1, 2020 to December 31, 2021).</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations and subsequent adjustments of the financial statements.</p>	<p>Implemented fully.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>exchange rate in converting the LRD bank account. Conversion of the LRD account mentioned above to US dollars using the stated rate revealed that the recomputed balance amounted to US\$13,123.78. However, note 9 of the financial statements recorded the same LRD bank account with a converted balance of US\$13,237.45 resulting in a variance of US\$113.67.</p> <p>Recommendation</p> <p>2.1.1.2 Management should adjust the financial statements by disclosing the appropriate closing rate per the CBL and ensure that all LRD bank accounts are converted using the closing rate per CBL.</p> <p>2.1.1.3 Management should adjust the financial statements by ensuring foreign currency translations including exchange gain and losses are adequately disclosed in the financial statements.</p> <p>2.1.1.4 Management should ensure that figures on the face of the financial statements reconcile to the notes to the financial statements.</p> <p>2.1.1.5 Going forward, during the conversion of foreign currency transactions, Management should use spot rates during the immediate delivery of services and the closing rates for conversion of balance sheet/statement of financial position items at period end.</p>			



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
3.	<p>2.1.2 Irregularities Associated with Property, Plant and Equipment (PPE)</p> <p>Observation</p> <p>2.1.2.1 During the audit, we observed the following irregularities associated with the management of Property, Plant and Equipment:</p> <ul style="list-style-type: none"> • The fixed assets register was not regularly updated, • No evidence of movement of fixed assets form, • The fixed assets register did not contain all the relevant columns, • No evidence of periodic physical verification of property, plant and equipment, • The notes to the financial statements did not include a schedule for depreciation, accumulated depreciation and subsequent net book value of fixed assets, • No evidence of periodic reconciliation between the fixed assets register and the fixed assets ledgers. <p>Recommendation</p> <p>2.1.2.2 Management should ensure that all assets value is recorded and maintained in the register.</p> <p>2.1.2.3 Management should ensure that the fixed assets register is updated to reflect the following: description, source of</p>	<p><i>Management currently has a fixed asset register maintained by the Department of Administration and General Services which contains many of the sections recommended except sources of purchase, depreciation expense, accumulated depreciation and net book value as mentioned in your recommendation. See Exhibit 3 (Fixed Assets Register).</i></p> <p><i>Going forward, we will ensure that those other components are added to our fixed assets register.</i></p> <p><i>Again, management has conducted periodic assets count and verification in a bid to determine the conditions and locations of assets of the institution. However, management has accepted to fully document and filed the appropriate documents on assets verification.</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
2.1.2.4	<p>purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the asset.</p> <p>Management should conduct periodic assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.</p>	<p><i>Additionally, transitioning to a fully automated financial system in compliance with IFRS will address these concerns. We have already budgeted for the transitioning process.</i></p>		
2.1.2.5	<p>The fixed assets Register should be updated periodically to reflect all of the assets and their current conditions.</p>			
2.1.2.6	<p>Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.</p>			
2.1.2.7	<p>A Movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.</p>			
2.1.2.8	<p>Management should facilitate periodic reconciliation between the fixed assets register and fixed assets ledgers. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation should be adequately documented and filed to facilitate future review.</p>			
2.1.2.9	<p>Management should facilitate the required disclosures of PPE by including in the notes to the financial statements the</p>			



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	following: Opening costs, addition of fixed assets, closing costs, opening accumulated depreciation, depreciation expense for the year, closing accumulated depreciation and the net book value.			

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
4.	<p>2.1.3 Third-Party Payment made to Employee of NaFAA Observation</p> <p>2.1.3.1 During the audit, we observed that Management made third-party payments of US\$6,600.00 to Lewis E. B. Konoe, Communications Director of the National Fisheries and Aquaculture Authority (NaFAA) rather than making direct payment to service providers or their legally authorized representatives.</p> <p>Recommendation</p> <p>2.1.3.2 Management should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act. All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.</p>	<p><i>Even though these payments were made to Mr. Lewis Konoe but we ensured that there were confirmations of receipt by the beneficiaries through the issuance of official receipts. See Exhibit 5 (Vouchers, list of beneficiaries and receipts for the media institution). It made economic sense for both NaFAA and the media institutions to have done these payments like we did because the amounts were small ranging from 70 USD to a maximum of 150 USD per institution. Writing checks for those amounts to those 51 media institutions would have meant waste of resources and those vendors would not even have left places as far as Sinoe and Maryland Counties to pick</i></p>	<p>Management's assertion did not adequately address the issue raised. Management issuance of checks to employee for subsequent disbursement to vendors is non-compliant to Regulation B.28 of the PFM Act of 2009 as amended and restated 2019. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p> <p>Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.</p>	No evidence of implementation.



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
		<i>up checks. For higher thresholds and closeness to proximity, management has always ensured that checks are written directly in the name of the media institutions or their designated representatives.</i>		

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
5.	<p>2.1.4 Payment without evidence of adequate supporting documents</p> <p>Observation</p> <p>2.1.4.1 During the audit, we observed that Management made payments for transportation reimbursement, lunch to fishing chiefs and trainers amounting to L\$1,043,750.00 without evidence that the beneficiaries received the funds for the intended purposes. We were provided no evidence of log books to indicate the names, contact numbers, dates, amounts and signatures of individuals who benefited from such gesture.</p> <p>Recommendation</p> <p>2.1.4.2 Management should fully account for the expenditure made without adequate supporting documents.</p> <p>2.1.4.3 Management should ensure that all transactions are</p>	<p><i>We note the concerns of the auditor but wish to point out that the programs for which the sum of money was paid were successful. The fishing chief attended the meeting and action points were noted. See Exhibit 7 (Meeting Minutes). Also, the Cooperatives are established in the counties and they have since benefited from subsidies in the fisheries sector. See Exhibit 8 – (Joint CDA and NaFAA Team reports) as evidence that those initiatives were jointly undertaken. We have also attached the</i></p>	<p>We acknowledge Management's assertions and subsequent provision of requested documents after our audit execution. However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation, financial reporting and document management.</p> <p>Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner. Additionally, Management</p>	No evidence of implementation.



<p>supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers, etc (and in this instance, a log book containing names, dates, amounts and signatures of beneficiaries) should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.</p>	<p><i>signature logs as evidence that the beneficiaries received the funds for the intended purpose. See Exhibit 9 (Beneficiaries Signature Logs).</i></p>	<p>should facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documentations are scanned, attached to the transactions, archived and maintained to facilitate future review.</p>	
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No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
6.	<p>2.1.5 Accounts Receivables Variances</p> <p>Observation</p> <p>2.1.5.1 During the audit, we observed that accounts receivables reported in the financial statements amounted to US\$962,509.54, while accounts receivables recorded in the general ledger amounted to US\$35,591.60 thereby resulting into a variance of US\$926,917.94.</p> <p>Recommendation</p> <p>2.1.5.2 Management should fully account for the variance between accounts receivables per general ledger and the financial statements.</p> <p>2.1.5.3 Management should ensure that all transactions are supported by the requisite supporting documents consistent</p>	<p><i>Noted. The Account Receivables balance has been reconciled and adjusted accordingly. The initial balance reflected was not the reality as most of those amounts reflected proforma invoice figures. When customers expressed interest in fishing in our waters, their applications are reviewed and they are issued invoices which the accounting system captures automatically as accounts receivables. Some or all of those vessels do not come during the period for which they were</i></p>	<p>We acknowledge Management's assertions. However, Management did not provide evidence of receivable reconciliation performed to validate reversed accounts receivable transactions. Management also did not disclose the reversal accounting entries which led to subsequent adjustments of the financial statements. Evidence of journal vouchers raised to substantiate the reversal/adjusting entries were not provided for our review. Therefore, we maintain our</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>with the financial management regulations. Documentation such as contracts, job completion certificates, invoices, evidence of payments (checks/transfers), bank statements, receivables aging analysis, individual receivables ledgers, receivable general ledgers, etc should be prepared and approved for the management of accounts receivables where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.</p> <p>2.1.5.4 Further, an automated linkage should be created among general ledger, trial balance and the financial statements to facilitate the completeness and accuracy of the financial statements.</p> <p>2.1.5.5 Going forward, Management should perform periodic reconciliation among the general ledger, trial balance and the financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner.</p>	<p><i>issued invoices; hence, they customer did not due us but yet the system accumulated them as due. A reconciliation was performed and the current account receivable balance reflects the actual funds due by customers for which services were performed. See attached Exhibit 1 - Restated Account Receivables Schedule and Adjusted Financial Statements.</i></p>	<p>findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
7.	<p>2.1.6 Unreconciled Closing and Opening Accounts Receivable Balances</p> <p>Observation</p> <p>2.1.6.1 During the audit, we observed a variance of US\$11,129.24 between the closing balance of Accounts Receivable as at June 30, 2020 and the opening balance of the Accounts Receivable general ledger as at July 1, 2020.</p>	<p><i>Noted. The Account Receivables balance has been reconciled and adjusted accordingly to reflect the same closing and opening balances. See attached Exhibit 1 - Restated Account Receivables Schedule and</i></p>	<p>We acknowledge Management's assertions. However, Management did not provide evidence of reconciliation performed to validate the adjustment of accounts receivable opening and closing balances. Management also did</p>	Implemented



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>Recommendation</p> <p>2.1.6.2 Management should perform a reconciliation between the closing and the opening balances of accounts receivables. Variances identified should be investigated and adjusted where applicable in a timely manner. The financial statements should also be subsequently adjusted.</p> <p>2.1.6.3 Going forward, Management should ensure transactions posted by a junior staff are reviewed and approved by senior personnel before the transactions appear in the general ledger.</p>	<p><i>Adjusted Financial Statements.</i></p>	<p>not disclose the reversal accounting entries which led to subsequent adjustments of the financial statements. Evidence of journal vouchers raised to substantiate the reversal/adjusting entries were not provided for our review. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
8.	<p>2.1.7 Unapproved Monthly Bank Reconciliation Statements</p> <p>Observation</p> <p>2.1.7.1 During the audit, we observed that monthly bank reconciliation statements prepared by the Deputy Comptroller for all of the five (5) bank accounts maintained by Management were not reviewed nor approved by the Comptroller as required. The bank reconciliation statements templates include provision for the preparer (Deputy Comptroller), and the reviewer and approver (Comptroller).</p> <p>2.1.7.2 Additionally, there was no evidence that Management</p>	<p><i>We note the concern of the auditors that bank reconciliation statements were not approved by authorities above the Deputy Comptroller. Kindly be informed that the function of preparation of the monthly bank reconciliation statements was dedicated to the Deputy Comptroller who periodically briefed the Comptroller for the knowledge of Senior Management, after</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>Implemented</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>performed monthly bank reconciliation statements for GT bank USD account (203-316695-211) for the months of July 2020 and January 2021.</p> <p>Recommendation</p> <p>2.1.7.3 Management should ensure that monthly bank reconciliation statements are prepared, reviewed and approved for all of its bank accounts.</p> <p>2.1.7.4 Monthly bank reconciliation statements prepared by the Deputy Controller should be reviewed and approved by the Controller in a timely manner.</p> <p>2.1.7.5 Monthly bank reconciliation statements should be adequately documented and filed to facilitate future review.</p>	<p><i>which they are filed. We will improve on the template to ensure that the bank reconciliation will be prepared by the Deputy Comptroller and approved by the Comptroller.</i></p>		

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
9.	<p>2.1.8 No Evidence of Senate concurrence for NaFAA 40% Remittance to GoL</p> <p>Observation</p> <p>2.1.8.1 During the audit, we observed that the joint resolution from the Ways, Means and Finance Committee of the National Legislature to suspend forty percent (40%) of NaFAA revenue remittance to the Government of Liberia was signed by members of the House of Representatives only. The Senate did not concur.</p> <p>Recommendation</p>	<p><i>NaFAA has been experiencing revenue shocks since the 2020/2021 fiscal year. The summary reasons for these shocks were that the European Union Sustainable Fisheries Partnership Agreement had ended and many fishing vessels had pulled off of our registry. In that light, the Board of Directors approved the non-remittance of revenue to GoL for three fiscal</i></p>	<p>Management's assertion did not adequately address the issue raised. The NaFAA Act which mandates the remittance of 40% of the entity's revenue to GoL was enacted by the National Legislature. The provisions of the NaFAA Act can therefore not be suspended or nullified by the Board of Directors without rectification by the Legislature. Therefore, we maintain our</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>2.1.8.2 Management should provide substantive justification for the non-remittance of NaFAA 40% of revenue to GoL without the Senate concurrence.</p> <p>2.1.8.3 Management should ensure that the joint resolution is signed by both Houses.</p>	<p><i>periods until alternative sources of revenue are found and conditions improved. This decision falls within the powers of the Board as they have functions to "approve the annual budget, financial plan and Human Resources Management Plan of the Authority and otherwise provide oversight for all financial matters" as per Section 3.11 (f) of the Act establishing NaFAA. See Exhibit 10 - The Board resolution and communication to the Minister of Finance and Development Planning. The Minister of Finance and Development Planning was informed of the decision of the Board. These were conditions that were sufficient to guide the decision of the management of NaFAA in its quest to halt remittance for the survivability and proper functioning of the entity.</i></p>	<p>findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
		<p><i>Normally, the Ways, Means and Finance Committee at the Legislature are abreast of our annual contribution prior to a new budget year. It was similar committee that signed a resolution for the non-remittance of revenue for the period. However, management has started to remit revenue to the GoL as of the date of this audit response.</i></p>		

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
9.	<p>2.1.9 No Evidence of Periodic Budget Performance Report</p> <p>Observation</p> <p>2.1.9.1 During the audit, we observed that there was no evidence of periodic Budget Performance Reports as required by the PFM Act of 2009 as amended and restated 2019.</p> <p>Recommendation</p> <p>2.1.9.2 Management should facilitate the preparation, review and approval of quarterly and annual Budget Performance Reports. Periodic Budget Performance Report should be subsequently submitted to the National Legislature as required by the PFM Act of 2009</p>	<p><i>To ensure that we do not overspend on approved budget lines and to be abreast of the performance of our revenue, budget performance reports are prepared from time to time for internal use, guidance and for decision making. Even though those quarterly reports are not forwarded to the National Legislature; however, our annual budgets usually contain the annual budget performance report for presentation to the Board and the National Legislature prior to</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	as amended and restated 2019. 2.1.9.3 Periodic Budget Performance Reports should be reviewed for decision making purposes. Under receipt of revenue and/or over disbursement of expenditures in a given quarter should trigger improved collection of revenue and adjustment (reduction) of expenditures in subsequent quarters.	<i>passage of the budget for the next period. With an understanding that annual budget performance reports are done, as can be seen in the annual budget presented to GAC, official quarterly budget performance reports will be prepared in the future.</i>		

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10.	<p>2.1.10 Non-Retirement of Foreign Travel DSA</p> <p>Observation</p> <p>2.1.10.1 During the audit, we observed that a total amount of US\$10,378.00 was disbursed to staff of the entity for foreign travel DSA without evidence of retirement.</p> <p>Recommendation</p> <p>2.1.10.2 Management should ensure that all travel advances are adequately retired with the original copies of receipts and activities reports to justify the regularity of the transactions.</p> <p>2.1.10.3 Evidence of travel retirement forms, original copies of receipts and travel activities reports should be adequately documented and filed to facilitate future review.</p>	<i>Noted. System has been put in place to correct this going forward.</i>	We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.	No evidence of implementation.

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
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No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
11.	<p>2.1.11 Procurement without delivery notes</p> <p>Observation</p> <p>2.1.11.1 During the audit, we observed that Management authorized several payments amounting to US\$13,982.00 for goods and office supplies without evidence of delivery notes to validate the authenticity of the transactions and receipt of goods.</p> <p>Recommendation</p> <p>2.1.11.2 Management should ensure that delivery notes are received for all goods procured to validate that goods paid for including the required specifications were delivered to the end user. (The delivery note should be uniquely coded to reflect the specific transactions).</p> <p>2.1.11.3 Delivery orders should be signed by the vendors, the procurement officer, storeroom officer and an internal auditor/assurance officer.</p> <p>2.1.11.4 Evidence of delivery notes for all goods received should be adequately documented and filed to facilitate future review.</p>	<p><i>Management always ensures that delivery notes are accompanied by delivery of goods. Part of our internal control system is that the Internal Auditors sign those delivery notes to provide assurances during the payment process that those items were delivered to the institution. After review of the files, See Exhibit 11 (the delivery notes for Benefit Trading International, City Builders, Eagle Electrical and Chicri Brothers).</i></p> <p><i>The delivery notes of 4G Printers are not filed because the Ministry of Foreign Affairs had responsibilities to ensure that regulations to be promulgated are published. Through their recommended printing press (4G Printers), these regulations were printed and copies delivered directly to them for presentation to the relevant authorities.</i></p>	<p>We acknowledge receipt of Management's supporting documents provided in Exhibit 11. However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.</p> <p>Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.</p>	Fully implemented.



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12.	<p>2.1.12 Irregularities associated Account Receivables</p> <p>Observation</p> <p>2.1.12.1 During the audit, we observed the following irregularities associated with receivable management:</p> <ul style="list-style-type: none"> • No evidence of an accounts receivables policy, • No evidence of an accounts receivables aging analysis, • Receivables were recognized before the performance of services, • No evidence of follow-up processes to facilitate the timely collection of receivables, • No evidence of periodic reconciliation and confirmation of receivables balance, • Management did not maintain a current expected credit loss model for account receivable balances for period under audit. <p>Recommendation</p> <p>2.1.12.2 Management should develop, approve and operationalize receivables management policy to regulate the recognition, collection, adjustment and management of accounts receivables. The policy should include a specified period for follow-up on debt collection and clearly defined actions to be undertaken at each specified period. The policy should also include provision for adjustment and write-off of accounts receivables consistent with IFRS. Revenue/receivable should be recognized upon the completion of service</p>	<p><i>Noted. Currently, NaFAA is in the process of updating all of its policies including the financial management and internal control policies. Account Receivable Policy is being prepared and a system in place to regularly analyze receivables. Furthermore, the transition to a fully IFRS system will fully address the problem of irregularities associated with receivables.</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>and the subsequent issuance of invoice.</p> <p>2.1.12.3 Management should establish receivable aging analysis to monitor the age of receivables and implement the specified actions to be taken based on the age of the debt consistent with the receivables management policy. The schedule should contain the following: names of the receivables, address of the receivables, contacts of receivables, date of recognition, initial invoice, payments, additional invoices, current receivables balance, and age grouping.</p> <p>2.1.12.4 Management should adjust the financial statements to include in the notes a current expected loss model and an Accounts Receivable Aging Analysis.</p> <p>2.1.12.5 Going forward, Management should ensure that current expected credit loss analyses and the Accounts Receivable Aging Analysis are included in the notes to the financial statements. These analyses will enable Stakeholders/Users of the financial statements to ascertain the 'trend' relating to collectability, and correct net realizable value of the trade receivables in the statement of financial position.</p> <p>2.1.12.6 Management should periodically analyze account receivables to identify slow moving and or impaired receivables and adjust consistent with policy.</p>			



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	2.1.12.7 Management should perform periodic reconciliation of receivable balances by reconciling accounts receivable ledgers to customers' statements, receivable confirmation, and the receivable aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.			

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
13.	<p>2.1.13 Incomplete Fuel Consumption log</p> <p>Observation</p> <p>2.1.13.1 During the audit, we observed that Management did not record comprehensive fuel consumption details of the entity's generator including beginning and ending gauges. As the result, we could not reconcile actual fuel consumption to total quantity procured periodically.</p> <p>Recommendation</p> <p>2.1.13.2 Management should maintain a complete fuel consumption log, that includes beginning and ending gauges and daily fuel consumption reports.</p> <p>2.1.13.3 Evidence of fuel consumption log and daily fuel consumption reports should be adequately documented and filed to facilitate future review.</p>	<p><i>Management has taken into consideration your observation from the previous year audit report recommendation and has since instituted corrective measures to ensure that a beginning and ending gauge of fuel consumption is captured.</i></p> <p>Exhibit – 12 (Fuel Consumption Log) shows daily and weekly fuel consumption information for the generators and the beginning and ending gauge. A summary report is prepared monthly to inform management decision.</p>	<p>We also acknowledge Management's subsequent submission of some fuel consumption details in Exhibit 12 after our audit execution. However, the information provided did not include beginning and ending gauges on a daily basis as proposed in our previous and current audit recommendations. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	No evidence of implementation.



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14.	<p>2.1.14 Irregularities Associated with Governance</p> <p>Observation</p> <p>2.1.14.1 During the audit, we observed that the Board of Directors of NaFAA consists of eight (8) Members instead of nine (9): seven (7) Statutory Members and one (1) Non-Statutory Member.</p> <p>Recommendation</p> <p>2.1.14.2 Management should liaise with the appropriate authorities to ensure the entity's Board of Directors is fully constituted with the required number of statutory and non-statutory members in keeping with Section 3.12 of the NaFAA's Act of 2017.</p> <p>2.1.14.3 Management should liaise with the board to facilitate and maintain the recording of attendance at all called and statutory meetings. Evidence of attendant logs for periodic board meetings should be adequately documented and filed to facilitate future review.</p>	<p><i>Time and again, Management has brought it to the attention of the Board of Directors to ensure that the Office of the President is contacted to fully constitute the Board by appointing non-statutory members. Efforts will be made again to ensure that it is done, considering it is in the purview of the parties referenced above.</i></p> <p><i>Regarding the issue of attendance log, we wish to point out that the copies of the resolutions served the purpose of attendance. See Exhibit 13 – (Board Resolutions) reflecting the attendance record of Board Members. Each meeting of the board, where decisions are made, is accompanied by a resolution signed by each member present at a particular meeting.</i></p>	<p>Management's assertion relative to the inclusion of Board members' names, status and signatures on the Board resolution in Exhibit 13 is acknowledged. Relative to the appointment of the additional non-statutory member as required, we will follow-up during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
15.	<p>2.1.15 Payment Vouchers not signed by the Director General or Deputy Director General</p> <p>Observation</p> <p>2.1.15.1 During the audit, we observed that series of payment vouchers amounting to US\$280,758.55 and L\$2,466,250.00 were not approved by the Director General or the Deputy Director General for Administration or her Designee.</p> <p>Recommendation</p> <p>2.1.15.2 Management should ensure that all payment vouchers are approved by the required numbers of authorizers (Comptroller and the Director General/Deputy Director General for Administration) to validate the legitimacy of the transactions.</p>	<p><i>We note the concerns of vouchers not being signed but wish to indicate that those were oversight on the part of the responsible persons. The check signatories are those who approved the voucher and considering their engagement at particular points in time, they must have overlooked the signing of the vouchers. As it is, those signatories have signed the vouchers. See Exhibit 14 – (Signed payment Vouchers). We will ensure that all vouchers are signed as checks are being signed, going forward.</i></p>	<p>We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.</p>	<p>Implemented</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
16.	<p>1.3.1 Lack of training/ capacity-building program</p> <p>Observation</p> <p>1.3.1.1 During the audit, we observed no evidence of a training plan for the technical IT staff that monitor daily IT operations. Moreover, there was no evidence of ongoing training opportunities for staff; staffers are not trained subsequent to major changes to the system or the IT environment.</p> <p>Recommendation</p> <p>1.3.1.2 Management should identify areas of capacity development and develop, approve and operationalize a training plan to enhance the knowledge, skills, and competencies of IT staff.</p> <p>1.3.1.3 Evidence of approved training plan should be adequately documented and filed to facilitate future review.</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>Management's assertion did not adequately address the issue raised. The IT policy and Board resolution approving the policy is not a substitute for a functional IT capacity development and training plan as recommended. Therefore, we maintain our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
17.	<p>1.3.2 Lack of Change or Patch Management</p> <p>Observation</p> <p>1.3.2.1 During the audit, we observed that there were no policy and procedure put in place by Management for managing modifications to the following systems: Smart Account, Open Data Kit (ODK), KOBO and the Access database system/ applications and network infrastructures.</p> <p>1.3.2.2 Additionally, we observed no evidence of program change requests form to substantiate that changes made were appropriately authorized, tested, and approved for implementation.</p> <p>Recommendation</p> <p>1.3.2.3 Management should develop, approve and operationalize a change management policy to mitigate unauthorized and untested changes made to the production environment.</p> <p>1.3.2.4 Additionally, changes made to these systems should be properly tracked, tested by appropriate personnel, and adequately reviewed for approvals before being moved to production. All activities should be documented and appropriately maintained.</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>Management's assertion did not adequately address the issue raised. The IT policy and Board resolution approving the policy is not a substitute for a functional Change or Patch Management System as recommended.</p> <p>Therefore, we maintain our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.</p>	<p>No evidence of implementation.</p>



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18.	<p>2.1.16 No policy to cover physical access</p> <p>Observation</p> <p>2.1.16.1 During the audit, we observed no evidence of a policy to cover physical access to information technology assets.</p> <p>2.1.16.2 Our review of the security measures in place revealed that there was no established procedure for controlling who can access the IT equipment.</p> <p>Recommendation</p> <p>2.1.16.3 Management should establish and enforce rules and processes (including emergency) to control, restrict and revoke access to locations, facilities or zones that contain IT equipment, based on business need. Access to locations, facilities and zones should be rationalized, authorized, recorded and supervised. This requirement should apply to all persons entering the locations, including employees, temporary workers, customers, suppliers, guests or any other third party.</p> <p>2.1.16.4 IT environments should be protected from intruders who may attempt to access, modify, steal, or destroy the hardware and software assets.</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



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19.	<p>2.1.17 No Environmental Control Policy</p> <p>Observation</p> <p>2.1.17.1 During the audit, we observed no evidence of documented policy for environmental control measures to safeguard the IT resources and staff.</p> <p>Recommendation</p> <p>2.1.17.2 Management should create and implement an environmental control policy. This policy should specify the standards and procedures for monitoring and regulating the environmental conditions, such as temperature, humidity, dust, noise, etc. The policy should also include the installation and maintenance of specialized equipment and devices that can detect and mitigate environmental risks, such as fire, flood, power outage, etc.</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>

No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
20.	<p>2.1.18 No Documented and Tested Emergency Procedure</p> <p>Observation</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>2.1.18.1 During the audit, we observed no documented and verified contingency plan and procedures, to protect IT resources and staff in case of an emergency.</p> <p>Recommendation</p> <p>2.1.18.2 Management should facilitate the protection of the IT resources and staff from unforeseen events. Management should develop, approve and operationalize the emergency plans. These plans should include the steps to follow in case of a disaster, the roles and responsibilities of the personnel, the backup and recovery procedures, and the communication channels. Management should also conduct regular drills and audits to ensure the effectiveness and readiness of the emergency plans.</p> <p>2.1.18.3 Evidence of approved emergency plan should be adequately documented and filed to facilitate future review.</p>	<p><i>Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	

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21.	<p>2.1.19 Users Access Rights are not Reviewed</p> <p>Observation</p> <p>2.1.19.1 During the audit, we observed that users access rights were not reviewed by Management in accordance with business function and process requirements. User access right should align with</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<p>the management of access rights with defined roles and responsibilities, based on least-privilege, and need-to-know principles.</p> <p>Recommendation</p> <p>2.1.19.2 Management should maintain user access rights in accordance with business function, process requirements and security policies. Align the management of access rights to the defined roles and responsibilities, based on least-privilege, and need-to-know principles in order to avoid unauthorized access to systems and data.</p>	<p><i>Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>recommendations during subsequent audit.</p>	

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20.	<p>2.1.20 Threat to Business Continuity</p> <p>Observation</p> <p>2.1.20.1 During the audit, we observed the following gaps were identified in Management's preparedness for a potential disruption during the audit process:</p> <ul style="list-style-type: none"> Lack of a Business Continuity Plan (BCP) that outlines how to maintain essential functions during and after a crisis. 	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
	<ul style="list-style-type: none"> • Lack of a Backup and Data Retention Strategy that ensures the availability and integrity of critical data. • Lack of a Disaster Recovery Plan (DRP) that specifies how to recover IT systems and infrastructure in the event of a disaster. <p>Recommendation</p> <p>2.1.20.2 Management should reduce the risk of service interruptions and ensure quick recovery of critical business functions, Management should create and implement an IT continuity plan, a disaster recovery plan and a backup and retention strategy. These plans and strategies should be aligned with the business objectives and approved by the relevant stakeholders. By doing so, Management can enhance the resilience and reliability of all services.</p> <p>2.1.20.3 It is essential to have an approved business continuity plan, disaster recovery plan and backup and retention strategy in place. These plans and strategies ensure that transactions data can be recovered and restored in the event of a disruption that affects critical business functions.</p>	<p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>		



No.	Findings and Description of Recommendation	Management's Response	Auditor General's Position	Status
22.	<p>2.1.21 Inadequate Segregation of IT Duties and Functions</p> <p>Observation</p> <p>2.1.21.1 During the audit, we observed that Management had not adequately embedded segregation of duties in the structure of the IT Unit to ensure that the IT Unit is well structured and functions in accordance with the business process.</p> <p>2.1.21.2 The audit revealed that the staff responsible for statistical analysis and financial control had unrestricted access and administrative privileges on the system, without any documented supervision or monitoring.</p> <p>Recommendation</p> <p>2.1.21.3 Management should implement a clear division of roles and responsibilities among its staff. No single user should have full control over all IT platforms and processes, as this could compromise the security and integrity of the systems. All IT activities should be subject to proper oversight and authorization by designated managers or supervisors.</p>	<p><i>NaFAA, as an Authority, doesn't have a specialize department for ICT. The IT is a function in the Department of Administration and General Services and said function is handled by responsible staff of the Department.</i></p> <p><i>Notwithstanding, NaFAA does have a policy of information technology, which was approved by the Board of Directors. The policy considers the current status of NaFAA and addresses its current ICT needs. However, as the institution grows and the IT function gets bigger, NaFAA will consider this recommendation by making improvement in its ICT Policy. See Exhibit 15 (Information Technology Policy and Board Resolution approving the IT Policy).</i></p>	<p>Management's assertion did not adequately address the issue raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.</p>	<p>No evidence of implementation.</p>



ANNEXURE

Annexure 1a: Payroll Listing not Reconcile to Payroll (Contractors)

No.	Name		Position	Department	Salary US\$
1	Teah	William	Janitor	Administration	200.00
10	Chilly Ezekiel		Fisheries Enforcement Assistant Boat Operator	Technical Services/MCS	125.00
11	Reed Jah Lovett		Media Officer	Administration	500.00
12	Tequah, Jr. Sayou		ICT Assistant	Administration	500.00
13	Carter Fred Quaye		Aquaculture Extension Technician	Technical Services/Aquaculture and Inland Fisheries	500.00
14	Massaquoi Mohammed		FMC Staff	Technical Services/MCS	350.00
15	Swen George		Driver	Administration	300.00
16	Dixon Seetoo		Driver	Administration	300.00
17	Mustapha B. Foboi		FMC Staff	Technical Services/MCS	500.00
18	Lard Leo M.		Generator Operator	Administration	350.00
19	Doe Andrew.		Fisheries Inspector	Technical Services/MCS	300.00
20	Darius Kollie T.		Attendant	Administration	250.00
21	Nahnjie, Sr. Alexander E.		Fisheries Inspector	Technical Services/MCS	300.00
TOTAL					6,420.00

Annexure 1a: Payroll Listing not Reconcile to Payroll (Employees)

No.	Name		Position	Department	Salary US\$
1	Weeford George S.		Administrative Officer	Administration	800.00
2	Richmond Yowo		M & E Officer	Monitoring & Evaluation	1,500.00
3	Tatue Weah		Fisheries Inspector	Technical Services/MCS	300.00
4	Yarwhere Zoe		M & E Officer	Policy, Planning, & Investment	800.00
5	Yahn Doris		FMC Staff	Technical Services/MCS	500.00
6	Trocon A. Freeman		Communications & Media Services Officer	Administration	800.00
7	Hallowanger Emmanuel		Receptionist	Administration	250.00
8	George Roberts		Janitor	Administration	250.00
9	Kamanda Tamba		Driver	Administration	250.00
TOTAL					5,450.00

Annexure 2a: No-Competitive Recruitment (Employees)

No.	Last name	First name	Position	Department
1	Kay	Anthony	Maintenance Supervisor	Administration
2	Doe	Tete Babyte	Associate Director fixed assets	Administration
3	Howard	Flamah	Technical Advisor DDGTS	Administration
4	Garnie	Sam W.	Deputy Comptroller	Finance



No.	Last name	First name	Position	Department
5	Kpadeh	Zizi	Director Aquaculture & Inland Fisheries	Technical Services/Aquaculture & Inland Fisheries
6	Mawolo	Patrick	Supervisor, Aquaculture Technician	Technical Services/Aquaculture & Inland Fisheries
7	Tokpah	Dale N.	Manager, Observer Program	Technical Services/MCS
8	Aggor	Harold	Procurement Officer	Procurement
9	Leesolee	Nathaniel Decius	Acting Associate Director, Policy and Investment	Technical Services/Research & Statistics
10	Wanley, Jr.	Alfred M.	Co-Management Officer	Technical Services/MCS

Annexure 2b: No-Competitive Recruitment (Contractors)

No.	Last name	First name	Position	Department
1	Kay	Anthony	Maintenance Supervisor	Administration
2	Doe	Tete Babyte	Associate Director fixed assets	Administration
3	Howard	Flamah	Technical Advisor DDGTS	Administration
4	Garnie	Sam W.	Deputy Comptroller	Finance
5	Kpadeh	Zizi	Director Aquaculture & Inland Fisheries	Technical Services/Aquaculture & Inland Fisheries
6	Mawolo	Patrick	Supervisor, Aquaculture Technician	Technical Services/Aquaculture & Inland Fisheries
7	Tokpah	Dale N.	Manager, Observer Program	Technical Services/MCS
8	Aggor	Harold	Procurement Officer	Procurement
9	Leesolee	Nathaniel Decius	Acting Associate Director, Policy and Investment	Technical Services/Research & Statistics
10	Wanley, Jr.	Alfred M.	Co-Management Officer	Technical Services/MCS

Annexure 3: Payments without Evidence of Adequate Supporting Documents

No.	Voucher ref.	Voucher date	Payee	Description	Check no.	Amount US\$
1	3962	4/4/2023	Rudted group of companies LLC.	Payment for printing materials for the authority	568427	15,670.00
2	4020	5/12/2023	Rudted group of companies LLC.	Payment for associated printing material for the authority	568487	2,265.00
3	3802	1/12/2023	J. P express	Part payment for the printing of 100 T- shirt	568287	1,750.00
4	4100	6/23/2023	Uncle Tweh General Merchandize.	Payment for the supply of 20 bundles of 14-	626677	1,500.00

No.	Voucher ref.	Voucher date	Payee	Description	Check no.	Amount US\$
				gauge Zinc to the Authority for use by a fishmonger to dry fish in Sinoe County		
5	4321	11/28/2023	Atlantic Certified Public Accountants	Part payment for preaudit of the authority Financial Statement for the period Jan-Dec. 2023	626931	9,600.00
6	3904	3/2/2023	Max Culinary	Payment for Catering Services rendered to the Authority	558669	2,222.40
7	3913	3/4/2023	Max Culinary	Payment for Catering rendered to the Authority	558685	1,670.40
8	4346	12/8/2023	Max Culinary	Payment for Catering rendered to the Authority	672982	8,640.00
9	4300	11/16/2023	Guest house electricity and catering	Payment for catering service	626902	2,400.00
10	4244	9/22/2023	Eugenia L. Nagbe	Payment for additional five days DSA for trip to Accra	626851	1,052.00
TOTAL						46,769.40

