Management Letter

On the Audit of the Bomi County Community College (BCCC) Financial Statements Audit

For Fiscal Year Ended June 30, 2018

Promoting Accountability of Public Resources

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

Monrovia, Liberia
December 2022

Table of Contents

ACRONYMS USED

Acronyms	Meaning
ACCA	Association of Chartered Certified Accountants
AFP	Auditor Focal Person
AG	Auditor General
BCCC	Bomi County Community College
CBL	Central Bank of Liberia
CFC	Certified Financial Consultant
CFE	Certified Fraud Examiner
CFIP	Certified Forensic Investigative Professional
CPA	Certified Public Accountant
COSO	Committee on Sponsoring Organizations of the Tread way Commission
GAC	General Auditing Commission
GOL	Government of Liberia
IPSAS	International Public Sector Accounting Standard
LRD	Liberian Dollar
MFDP	Ministry of Finance & Development Planning
NCB	National Competitive Bidding
PFM Act	Public Finance Management Act
PPCA	Public Procurement & Concessions Act
PPCC	Public Procurement & Concessions Commission
RFQ	Request for Quotation
USD	United States Dollar

July 2, 2026

Dr. Zobon B. Norman
President
Bomi County Community College
Tubmanburg City
Bomi County, Liberia

Dear Dr. Norman:

MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE BOMI COUNTY COMMUNITY COLLEGE (BCCC) FOR THE PERIOD 1 JULY 2017 TO 30 JUNE 2018

The Financial Statements of the Bomi County Community College (BCCC) are subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Engagement Term of Reference. The Financial Audit was performed for the period July 1, 2017 - June 30, 2018

INTRODUCTION

The audit of the Bomi County Community College for the period July 1, 2017 – June 30, 2018 has been completed and the purpose of this letter is to bring to your attention the observations and findings revealed during the audit.

AUDIT SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit involves:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;

- Assessment of the accounting principles used and significant estimates made by management; and

- Evaluation of the Financial Statement presentation.

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

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

The financial statements preparation, the maintenance of effective internal control measures and compliance with laws and regulations are the responsibilities of the Management of BCCC. Our responsibility is to express an opinion on these financial statements.

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

Key Personnel of BCCC

No	Name	Rank	Period
1	Varney A. Yengbeh Jr.	Board Chair	2016-present
2	Samuel L. Dunbar Sr.	Acting President	2020-Present
3	Amos A. Fully	Vice President for Academic Affairs	2020-Present
4	Anthony J. Benson	Comptroller	2017-Present
5	Maibee Kollie	Human Resource Head	2016-Present
6	Daniel Gayflor Jr.	Procurement - Head	2016-Present

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Bomi County Community College and other individuals and businesses who contributed to the success of this audit.

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

Monrovia, Liberia
July 2026

1 DETAILED AUDIT FINDINGS AND RECOMMENDATIONS

1.1 Financial Related Issues

1.1.1 No Detailed Supporting Ledgers

Observation

1.1.1.1 PFM Regulations C.8, Responsibilities for Accounting Officers, paragraph 3 (h) requires a head of a government agency or spending unit to produce, when required by the Minister of Finance, the Comptroller-General, head of internal audit or Auditor-General or by such officers as may be authorized by any of the above, all cash, books, records, vouchers or other items of value in his or her charge.

1.1.1.2 PFM Regulations I.2, Accounting Records, names records classified as "accounts" include manual and electronic: (a) accounting records in the form of books, ledgers, ledger sheets, ledger cards, or machine tabulations; and (b) source documents for the accounting records in the form of vouchers, schedules, returns, bank or any other statements

1.1.1.3 During the audit, we observed that Management did not maintain detailed ledgers including cash book for expenditure amounting to US$578,545.00 as reported in the financial statements.

Risk

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

1.1.1.5 Management may not fully account for activities of the entity.

Recommendation

1.1.1.6 Management should ensure that detailed general ledgers are prepared to support figures mentioned in the financial statements. Periodic reconciliation should be performed between the general ledger and the financial statements. Differences identified should be investigated and adjusted (where applicable) in a timely manner.

1.1.1.7 Management should procure and operationalize a functional accounting software to record all financial transactions of the entity.

1.1.1.8 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's response

1.1.1.9 *The Management of Bomi Community College has a functioning manual cash book from which all financial reports are derived. Please find attached samples.*

Auditor General's Position

1.1.1.10 Management's assertion is not materially supported; therefore, we maintain our finding and recommendation.

1.1.2 Non- Preparation of Bank Reconciliation

Observation

1.1.2.1 Regulations C.8 (4a) of the PFM Act of 2009 states that" The head of agency or spending unit shall manage and reconcile the bank accounts authorized for the agency. This is done to ensure accuracy and accountability for all cash and bank transactions. It is also intended to detect and remedy frauds and errors on the bank statements".

1.1.2.2 During the audit, we observed that Management did not prepare bank reconciliation statements for all of its accounts.

Risk

1.1.2.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud. Management may not be able to fully account for all its transactions.

Recommendation

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

1.1.2.5 Monthly bank reconciliation statements should be prepared and approved by staff with the relevant qualification, experience and seniority.

1.1.2.6 Monthly bank reconciliation report should be adequately documented and filed to facilitate future review.

Management's Response

1.1.2.7 *The statement raised is valid and that the Management of Bomi Community College takes key note of the violation and is currently addressing them. Management will ensure that Bank Reconciliation are prepare monthly, documented and filed to facilitate future review*

Auditor General's Position

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

1.1.3 Currency Exchange Difference

Observation

1.1.3.1 IPSAS Cash basic section 1.6.3 states that 'Cash balance held in a foreign currency shall be translated using the closing rate'. And section 1.6.5 also states that 'An entity shall disclose the amount of exchange difference included as reconciling items between opening and closing balances.

1.1.3.2 Part 1.6.5 and 1.6.6 of the Revised Cash Basis IPSAS (2017) requires that an entity should disclose the amount of exchange differences included as reconciling items between opening and closing cash balances for the period.

1.1.3.3 During the audit, we observed that the notes to the financial statements for the period disclosed the closing rate used in translating foreign currency transaction to the presentation currency during fiscal year. However, the amount of exchange difference included as reconciling item between the opening and closing cash balance for the fiscal year was not disclosed.

Risk

1.1.3.4 The non-disclosure of exchange difference in notes to the financial statements may impair full disclosure, fair presentation, accountability and information needed for decision making.

1.1.3.5 If foreign currency transactions are significant and translation rate(s) used is misstated; the financial statements may be misstated.

Recommendation

1.1.3.6 Management should ensure full and adequate disclosure is made for all foreign currency translations

Management's Response

1.1.3.7 *The statement raised is valid and that the Management of Bomi Community College takes key note of the violation and is currently addressing them. Going forward, the management of the college will ensure full and adequate disclosure is made for all foreign currency translations.*

Auditor General's Position

1.1.3.8 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendation during subsequent audit.

1.1.4 Payments without Supporting Documents

Observation

1.1.4.1 Section A.3 of the PFM Regulations of 2009 "(1) 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".

1.1.4.2 During the audit, we observed that Management made payments amounting to **USD 1,975.04** without adequate supporting documentations. **See table 1 below:**

Table 1: Payment Without Supporting Documents

No.	Components	Financial Statements (US$)	Payments Vouchers (US$)	Variance (US$)
1	Fuel and Lubricant-Vehicles	10,611.93	10,404.57	207.36
2	Fuel and Lubricant Generator	16,187.36	15,322.00	865.36
3	Educational materials and supplies	9,720.98	9,598.00	123.00
6	Repair and Maintenance-Civil	11,505.15	11,371.00	134.15
7	Repair and Maintenance-Generator	6,925.73	6,742.00	184.00
8	Repair and maintenance -Vehicle	10,746.18	10,529.71	216.00
9	Building Construction (Student Center)	17,903.97	17,658.80	245.17
Total				**1,975.04**

Risk

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

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

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

Recommendation

1.1.4.6 Management should fully account for the expenditure made without adequate supporting documents.

1.1.4.7 Management should ensure that 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 documents should be adequately documented and filed to facilitate future review.

Management's Response

1.1.4.8 *The Management of Bomi Community College accepts and acknowledges the total variance of US$1,975.04. The variance was due to human error in calculation as the Bomi Community College is currently operating a manual accounting system. As parts of our reform process the Management of Bomi Community College is trying to source funding to transition from a manual Accounting System to a computerize Accounting System that will help to minimize human error in calculation.*

Auditor General's Position

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

1.1.5 Purchase Made Without Valid Contract

Observation

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

1.1.5.2 During the audit, we observed that Management made payments amounting to USD 38,304.44 for fuel and gasoline and Repairs & Maintenance-Civil without evidence of valid contracts being awarded through a competitive procurement process. **See table 2 below:**

Table 2: Purchase Made Without Valid Contract

No	Detailed Descriptions	Amount (USD) Per Financial Statements
1	Fuel and Lubricant-Vehicles	10,611.93
2	Fuel and Lubricant- Generators	16,187.36
3	Repairs & Maintenance-Civil	11,505.15
Grand Total		**38,304.44**

Risk

1.1.5.3 Management may not be in compliance with the required procurement method.

1.1.5.4 Management may override the procurement process by completing disbursement without utilizing the required procurement method

Recommendation

1.1.5.5 Management should adequately comply with the required procurement method to ensure that value for money is achieved.

Management's Response

1.1.5.6 *The Assertion raised is valid and that the Management of the Bomi Community College takes key note. However, the payments above are series of payments made for each line during the period under audit that sum up to the figures in the table and not single payments. The Management is currently reviewing and making sure that before any payments are made the above regulations will be adhered to. As parts of the reform process all financial documentation will be cross reference and check to ensure full compliance with the financial management laws and the PPCC Acts of 2010 of Liberia on increase accountability.*

Auditor General's Position

1.1.5.7 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendations during subsequent audit.

1.1.6 Payments without Quotations

Observation

1.1.6.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".

1.1.6.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission".

1.1.6.3 During the audit, we observe the following irregularities associated with the procurement system:

- There was no functional procurement committee evidence by the absence of meeting minutes and periodic reports.
- There was no evidence of annual procurement plan approved by PPCC.
- There was no evidence of periodic (quarterly and annual) procurement activities report submitted to PPCC.
- No evidence of application of the requisite methods (Request for quotation, national competitive bidding, sole sourcing, restricted bidding, international competitive bidding, etc.) where applicable.

1.1.6.4 Also, during the audit we observed that Management procured goods in the amount of USD41,398.52 without supporting documents such as quotation etc. **See tables 3A and 3B below:**

Table 3A: payment without quotations

No	(A) Service Description	2017/2018 (USD)
1	Repairs & Maintenance-Civil	11,505.15
2	Public Relations and Publicity (Publication)	5,606.13
3	Telecommunication, Internet, Postage and Courier	1,127.66
4	Workshops, Conference, Symposia and Seminars	2,164.79
Sub Total		**20,403.73**

Table 3B: payment without quotations

No.	(B) Goods Description	Amount (US$)
1	Educational Materials and Supplies	9,720.98
2	Stationary	1,888.96
3	Other Office Material and Consumables	9,384.85
Sub Total		**20,994.79**

Total Payment Without Quotation	AMOUNT (USD)
A+B	**41,398.52**

Risk

1.1.6.5 In the absence of a functional procurement committee, the entity's procurement processes may be discretional.

1.1.6.6 The lack of an approved Procurement Plan may lead to discretionary expenditure, waste and undermine value for money.

1.1.6.7 In the absence of a quarterly procurement report, Management may be in noncompliance with the PPC Act of 2005 as amended and restated in 2010.

1.1.6.8 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.

1.1.6.9 The non-application of the requisite procurement method may undermine the achievement of value for money and facilitate fraudulent procurement activities.

Recommendation

1.1.6.10 Management should ensure that the requisite procurement methods are utilized for all procurement transactions to achieve value for money and ensure compliance to the PPC Act of 2005 as amended and restated in 2010.

1.1.6.11 Management should establish functional procurement committee evidence by the documentation of meeting minutes and periodic reports.

1.1.6.12 Management should facilitate the approval of annual procurement plan by PPCC. All subsequent unplanned procurement activities should be submitted to PPCC for approval before execution.

1.1.6.13 Management should facilitate the preparation and submission of quarterly and annual procurement activities reports to the PPCC as required by the PPC Act of 2005 as amended and restated in 2010.

1.1.6.14 Management should facilitate full compliance with the required procurement standards for all transactions. Evidence of all relevant supporting documents should be adequately documented and filed for future reference.

Management's Response

1.1.6.15 *The statement raised is valid and that the Management of Bomi Community College takes key note of the violation and is currently addressing them. However, although the Bomi Community College Management did not request quotations in writing form but the Management got at least three price quotations from three qualified suppliers to obtain price comparison information for all the purchases listed in the table above. Management is currently reviewing and making sure that before any payments are made the above regulations will be adhered to. As parts of the reform process all financial documentation will be cross reference to ensure full compliance with the financial management laws (PFM Act) and the PPCC Acts of 2010 of Liberia on increase accountability.*

Auditor General's Position

1.1.6.16 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendations during subsequent audit.

1.1.7 Failure to Disclose Donated Fixed Assets

Observation

1.1.7.1 Section 2.1.100 of the Cash- Basic IPSAS requires ''An entity to disclose separately in the notes to the Financial Statements the value of assistance received during the period in the form of goods and services.

1.1.7.2 Section 2.1.101 also states that significant resources may be received as assistance in the form of good and services. This will occur when new or used goods such as Vehicles, Computers or others equipment's are transferred to the entity under an external assistance agreement".

1.1.7.3 During the audit, we observed that Management did not disclose in the financial statements 15 desktop computers donated to the College. **See table 4 below**

Table 4: Failure to Disclose Donated Fixed Assets

No	Item	Category	Location	Purchase price	Employee	Acquired Date
1	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
2	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
3	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
4	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
5	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/1/2017
6	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/11/2017
7	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
8	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
9	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
10	Desktop set donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
11	Desktop set DELL donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/11/2017
12	Desktop set DELL donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
13	Desktop set DELL donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017

No	Item	Category	Location	Purchase price	Employee	Acquired Date
14	Desktop set DELL donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017
15	Desktop set DELL donated by Dr. Norman	Computer	Computer Lap	N/A	Emmanuel Ballah	1/10/2017

Risk

1.1.7.4 Failure to disclose assets donated to the college may impair faithful representation of the financial statements. The non-disclosure may lead to misappropriation of the donated items.

Recommendation

1.1.7.5 The Management should ensure to disclose all assets donated to the college in the notes to the financial statement so as to provide financial statement users more comprehensive information.

Management's Response

1.1.7.6 *The statement raised is valid and that the Management of Bomi Community College takes key note of the violation and is currently addressing them. Going forward, the college management will ensure the disclosure of all donated assets.*

Auditor General's Position

1.1.7.7 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendations during subsequent audit.

1.1.8 Irregularities Associated with Fixed Asset Management

Observation

1.1.8.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held."

1.1.8.2 During the audit, we observed the following irregularities associated with the College's Fixed Assets Management System:

- There was no evidence of a fixed assets management policy.
- The fixed assets register did not contain all the relevant columns.
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.

- The fixed Asset of the entity were not coded.
- Fixed assets within the given vicinity were not clearly displayed in the fixed assets log as required by the PFM Act.

1.1.8.3 Additionally, we observed that a vehicle (BCC-M2 Toyota sedan 2001) assigned to former Vice President for Administration was not returned to the College. **see table 5 below for vehicle description.**

Table 5 Irregularities Associated with Fixed Asset Management

No	Item	Location	Purchase price US$	Employee	Acquired Date
1	BCC-M2 Toyota sedan 2001	Former VPA	6,000.00	Rev. J. Adanta Quincy Lymas	1/26/2017

Risk

1.1.8.4 Fixed Assets Register may be misstated (Over/understated).

1.1.8.5 Assets may be damaged or impaired but their values are still on the books.

1.1.8.6 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.

1.1.8.7 The lack of asset movement log could make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

1.1.8.8 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the entity's objectives.

1.1.8.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

1.1.8.10 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity. As part of the policy, Management should set assets value to be recorded, developed and maintained.

1.1.8.11 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.

1.1.8.12 Management should conduct periodic fixed 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.

1.1.8.13 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.

1.1.8.14 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.

1.1.8.15 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.

Management's Response

1.1.8.16 *The statement raised is valid and that the Management of Bomi Community College takes key note of the violation and is currently addressing them. Going forward, the college management will ensure a movement of asset form will be filled and authorized before assets are moved from one location to another. Management will also ensure fixed asset register are updated to reflect the change in location of asset.*

Auditor General's Position

1.1.8.17 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendations during subsequent audit.

1.1.9 Explanation of Material Variances

Observation

1.1.9.1 Paragraph 1.7.8 (c) of IPSAS Cash Basis Accounting states, "the comparison of budget and actual amounts shall present separately for each level of legislative oversight: By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanations is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes".

1.1.9.2 During the audit, we observed that the financial statements did not contain explanatory notes for material differences between budget and actual amounts reported in the Statement of Comparison of Budget and Actual Amounts.

Risk

1.1.9.3 Failure to disclose reasons for significant variances within the financial statements may indicate the lack of proper budgetary control.

1.1.9.4 Management may not be properly accounting for its budget performance, and may consequently not be in compliance with approved budget law.

Recommendation

1.1.9.5 The Management should provide explanation of causes for significant variances between budget and actual amounts in the financial statements.

Management's Response

1.1.9.6 *The Assertion raised is valid and that the Management of the Bomi Community College takes key note. Management will ensure that going forward full and adequate disclosures will be made for material variance (s) between budget and actual amounts.*

Auditor General's Position

1.1.9.7 We acknowledge Management's acceptance of our finding and recommendation. We shall follow up on the implementation of our recommendations during subsequent audit.