Management Letter

On The Financial Statement Audit of General Services Agency

For the Period Ended June 30, 2020

Promoting Accountability of Public Resources

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

Monrovia, Liberia
December 2022

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December 30, 2022

Madam Mary Broh
Director General
General Services Agency
Republic of Liberia

Dear Madam:

Re: Management Letter on the Audit of the General Services Agency (GSA) for the period July 1, 2019 to June 30, 2020.

The Audit of the Financial Statements of the GSA for the period July 1, 2019 to June 30, 2020 was commissioned by the Auditor-General (AG) under the AG's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Introduction
The Audit of the GSA for the fiscal period ended June 30, 2020 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

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

An audit includes:

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

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

- Evaluation of the overall financial statement presentation.

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

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

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

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

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

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

Monrovia, Liberia
December 2023

Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
ACCA	Association of Certified Chartered Accountants
AG	Auditor General
BEP	Bid Evaluation Panel
CFIP	Certified Forensic Investigation Professional
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPA	Certified Public Accountant
LINCSA	Liberia National Commission on Small Arms
FAR	Fixed Asset Register
GAC	General Auditing Commission
GoL	Government of Liberia
GSA	General Services Agency
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
LBR	Liberia Business Registry
LD$	Liberia Dollar
US$	United States Dollars
MOU	Memorandum of understanding
NCB	National Competitive Bidding
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concessions Act
PPCC	Public Procurement and Concessions Committee
ToR	Terms of Reference
CBL	Central Bank of Liberia

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Statements Issues

1.1.1 Analysis of revenue from property rented out during the fiscal year

Observation

1.1.1.1 Section B.7 'Accounting and Disclosure of Non-Tax Revenue' of the Public Financial Management Regulations States

1. "A head of government agency shall fully disclose all non-tax revenues collected, lodged or retained as part of the monthly revenue collection and quarterly Government agency account or financial report to the Minister and the Auditor General. The reporting format shall include, but not limited to:
    a) the Government agency's collection points in the regions and districts by type of Non-Tax Revenue;
    b) the extent to which the Government Agency revenue target for the month has been achieved and measures that need to be taken to address any shortfall;
    c) expenditure incurred out of retained Non-Tax Revenue including Internally Generated Funds classified according to the Budget Classification;
    d) non-Tax Revenue including Internally Generated Funds due but not collected;
    e) any Non-Tax Revenue including Internally Generated Funds leakages and measures to address them; and
    f) certification confirming reconciliation of lodgements with collections.

1.1.1.2 During the audit, we observed that the total rental income from GoL properties recorded in the financial statements amounted to US$114,911.27. In validating the completeness, existence and accuracy of these amounts we observe that the renting of GoL properties had no control in place for granting lease or rental application of government properties as well as no evidence of invoice and receipt issued to verify the number of properties rented/leased. Management also did not provide a comprehensive listing of inventories of total government properties leased/rented during the period under audit.

1.1.1.3 Also, lease agreement for property leased to Lonestar MTN, Orange, and National Contracting Co. was not provided for review. We could not determine the completeness of revenue generated from these properties during the year. **See table below.**

Table 1: Analysis of revenue from property rented out during the fiscal year.

Date	Description	Amount US$	Check Number	Payees
Nov. 6, 2019	Deposit by A. Kullie/Rental Fee	2,670.00	2066	LoneStar CommunicationCorp.
Dec. 23, 2019	Deposit by A. Kullie/Rental Fee	30,000.00	5847226	National Conteacting Co.
Dec. 23, 2019	Deposit by A. Kullie/Rental Fee	6,000.00	5847227	National Contracting Co.
Jan. 8, 2020	Transfer/UN Women/Rental fee	1,670.00		
Jan. 16, 2020	Deposit by A. Kullie/Rental Fee	22,500.00	34226	Orange Liberia, Inc.
Feb. 3, 2020	Deposit by A. Kullie/Rental Fee	500.00	381836	Bethel Liberia
Mar. 2, 2020	Deposit by A. Kullie/Rental Fee	500.00	61296	Foundation For Comm. Initiative /FAC.
Total		**63,840.00**		

1.1.1.4 Furthermore, a payment recorded in the accounting records of US$1,670.00 purportedly made by UN Women as rental fee had no evidence of copy of the check received on file to corroborate the amount recorded in the accounting records as seen on the bank statements.

Risk

1.1.1.5 In the absence of adequate supporting documentation, the completeness, accuracy and validity of the transactions may not be assured.

1.1.1.6 The completeness, existence and accuracy of rental income cannot be assured; therefore, the financial statements may be misstated.

Recommendation

1.1.1.7 Management should account for the amount recorded and provide evidence of invoices and receipts to substantiate the transactions.

1.1.1.8 Management should ensure that an effective control over granting application for rental or leased properties and other fees collection are designed and place into operation

1.1.1.9 Management should compile a comprehensive schedule of all GoL rental and leased properties. The schedule should contain the following columns: description of property, location, condition, lease periods (if any), name and contact/ detail of lessees/tenants, rental/lease values of those properties, amount paid to date, outstanding balance.

1.1.1.10 All relevant documents pertaining to rental or leased properties should be adequately documented and file to facilitate future review.

Management's Response

1.1.1.11 *Management acknowledges the auditor's recommendation with regard to maintaining proper controls over receipts of rental properties managed by GSA and submission of quarterly reports.*

1.1.1.12 *The management wishes to state that during the period 2019/2020, the rental revenue received from GoL-owned properties was of two (2) categories, namely: Daily rental income was based on the daily usage of GOL facilities by individual/institution for a day or two event/program which are received by the GSA, while Rental lease/ property lease income was based on a long-term lease of GOL realties (Lands, buildings, Space, etc) and income thereof are deposited into Government Revenue Account.*

Auditor General's Position

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

1.1.2 Transactions recorded as Grant Revenue

Observation

1.1.2.1 The IPSAS Cash Basis of Accounting required that cash receipt is recorded only when cash is received.

1.1.2.2 Section O.24 (2) of the Public Financial Management Law states "A Head of Government Agency shall, in relation to sub-regulation (1) appoint an officer who shall examine and check daily, all entries in cash books and other books of account, the counterfoils or copies of receipts or original documents to verify the correctness of the transactions".

1.1.2.3 During the audit, we observed that cash receipts from some institutions were classified as Grant Revenue. However, evidence to the basis of these cash receipts were not provided except copies of checks and deposits slips. **See table 2a below.**

Table 2a: Transactions recorded as Grant Revenue

Date	Description	Amount LR$	USD Equivalent Amount US$	Check Number	Entity
July 9,2019	Deposit by A. Kullie/Rental/ Abi Jaoudi	5,940,000.00	29,405.94	188581	ABI JAOUDI & AZZAR TRADING CO.
Sept 18,2019	Deposit by A. Kullie/Rental/Lonestar Communications Corp	1,226,335.50	6,128.92	400113189	Lonestar Comm. Corporation
Nov 26,2019	Deposit by A. Kullie/Rental/ Lonestar	2,445,030.00	11,663.55	20393039	Lonestar Comm. Corporation

Date	Description	Amount LR$	USD Equivalent Amount US$	Check Number	Entity
Oct 3,2019	Deposit by A. Kullie/Rental/ Lonestar	838,520.00	4,000.00	400113107	Lonestar Comm. Corporation
Total		**10,449,885.50**	**51,198.41**		

1.1.2.4 Also, cash receipts recorded in the grant revenue ledger could not be traced to the bank statement. **See table 2b below.**

Table 2b: Analysis of Grant Revenue Recorded but not traced to the bank statement

No	Date	Description	Amount LR$	Amount US$
1		Deposit by A. Kullie/MOS/LACC	81,500.00	
2	Dec. 31, 2019	Revised cheque	-	180.00

Risk

1.1.2.5 In the absence of adequate supporting documentation, the completeness, accuracy and validity of the transactions may not be assured.

1.1.2.6 The completeness, existence and accuracy of grant income cannot be assured; therefore, the financial statements may be misstated.

Recommendation

1.1.2.7 Management should account for the amount recorded and provide evidence of invoices and receipts to substantiate the transactions, as well as the untraced amount to the bank statements.

1.1.2.8 Management should compile a comprehensive schedule of all grant income. The schedule should contain the following columns: description of grantor, address, purpose of the grant, period of the grant, value of the grant.

1.1.2.9 All relevant documents pertaining to grant income should be adequately documented and filed to facilitate future review.

Management's Response

1.1.2.10 *This is noted. Management acknowledges the auditor's recommendation with regard to the identification and posting of receipts (grant revenue) to the general ledger.*

1.1.2.11 *Management also wishes to clarify that under no circumstances was revenue received from property rental recognized as grant revenue as stipulated in table #2 of the audit report and that all grant revenues as reported in the 2019/20 financial statement don't include revenue from property rental. Please also note that Note 5 of the 2019/20 financial statement captured 'Other Receipts' which are mostly based on a combination of administrative fees, fines, penalties, rental, and lease charges; while Note 6 is mostly* *used to capture the aggregate of 'Other Grants and Aid' which captured all other funds with exception of budgeted and funds listed under Note 5 of the 2019/2020 Financial Statements.*

Auditor General's Position

1.1.2.12 Management did not adequately address the issue raised. Operations of the GSA for routine maintenance of government facilities are included in the National Budget. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.1.3 Receipts (Non-Compliance to Act on Revenue Collection)

Observation

1.1.3.1 Section B.8 of the Public Financial Management Regulations of the PFM Act of 2009" All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment.

1.1.3.2 During the audit, we observed that income from rental/leased of GoL properties were deposited into the entity's operational account instead of a GoL general revenue account. Also, rental/leased income collected by Management were subsequently used to facilitate the operations of the entity.

Risk

1.1.3.3 Failure to deposit internally generated revenue in the general revenue account may lead to misapplication and misappropriation of public funds.

Recommendation

1.1.3.4 Management should account for the revenue generated from rental/lease of government properties which were not subsequently deposited in the general revenue account.

1.1.3.5 Management should ensure that all internally generated revenue is deposited in the General Revenue Account.

Management's Response

1.1.3.6 *This is noted. Management wants to indicate that it is often time left constrained and forced to act in good faith with the goals of managing, repairing, and maintaining the GOL facilities (Executive and Centennial Pavilions, EJS Ministerial Complex, etc) with little or no budgetary allocation for those facilities. Also, allotments from MFDP for some quarters were not timely received by Management in order to undertake its regular function. As a result, Management have to turn to revenue generated by those facilities in order to keep them fully running on a regular basis.*

Auditor General's Position

1.1.3.7 Management did not adequately address the issue raised. Therefore, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2 Payments

1.2.1 Payments (Unsubstantiated Payments)

Observation

1.2.1.1 IPSAS Cash Basis of accounting required that cash payments are recorded only when cash is actually paid or for goods and services delivered.

1.2.1.2 Section U.10 of the PFM Regulations of 2009 'Discharge of Accountability for Government Inventories' states:

1. "A head of Government Agency is accountable for the government inventories from the time of acquisition or assignment from the General Services Agency to the time they are of no further use or value to government.

2. Accountability is discharged when government inventories have been
   a. consumed in the course of public business and records are available to show that the government inventories have been consumed;
   b. worn out in the normal course of public business and deletion from the accounts has been approved by the General Services Agency and they have been disposed of in accordance with Sections 123 and 124 of the Public Procurement and Concessions Commission Act 2005;
   c. lost, stolen, destroyed, damaged or rendered unserviceable other than by fair wear and tear, and if deletion from the accounts has been approved by the General Services Agency."

1.2.1.3 Section P.12 states "Where the officer signing the payment voucher cannot himself check that the services, goods or works for which payment is being made have been received, he shall ensure that the voucher is supported by original copies of supporting documents such as contract, local purchase order, goods received note, and a certificate or other endorsement such as an annotated rubber stamp signed by an officer who can attest to the correctness of the fact.

1.2.1.4 During the audit, we observed a payment of US$50,000.00 paid to the GSA by the MFDP as reimbursement for fuel supplied to the Ministerial Complex. The payment could not be fully substantiated as the disbursement of the amount reimbursed by MFDP and the procurement and delivery of the fuel pre-financed could not be substantiated. **See table 3a below.**

Table 3a: Payments (Unsubstantiated Payments)

Date	voucher #	Description	Amount US$	Payee
April 21,2020	00000457	Other	50,000.00	GSA

1.2.1.5 Also, we observed a payment of US$5,250.00 for 500 bag of rice that could not be substantiated as there were no evidence that the rice was delivered, received, store, and distributed through the warehouse system. **See table 3b below**.

Table 3b: Unsubstantiated Purchase of rice

Date	voucher #	Description	Amount US$	Payee
Dec. 24,2019	00000656	Other	5,250.00	United Commodities Inc

Risk

1.2.1.6 Inventories may be misappropriated leading to decline in operational activities.

1.2.1.7 Failure to effectively maintain documentations for inventory receipt, storage, and distribution may lead to unauthorized and misappropriation of inventory.

Recommendation

1.2.1.8 Management should initiate at least an excel based inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.

1.2.1.9 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.

1.2.1.10 All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.11 *Table #3: Un-substantiated Reimbursement for Fuel Purchased*
This is noted. However, the GSA Management wants to indicate that the transaction in question met all the requirements in adherence to the PFM Act of Liberia in regard to the reimbursement for fuel consumed at the EJS Ministerial Complex. Furthermore, Management has all records intact for the initial payment and consumption of the fuel prior to the reimbursement transaction.

1.2.1.12 *Table #4: Un-substantiated Purchase of rice*
This is noted. The management wishes to note that the five hundred (500) bags of 30kg rice purchased were paid in full and delivered as evidenced by the proforma invoice, receipt, and delivery note to indicate that the transaction was strictly undertaken in adherent to financial management policy.

Auditor General's Position

1.2.1.13 Management did not adequately address the issue raised. Management's assertion is not supported by documentary evidence. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2.2 Payments (Un-Substantiated Deliveries)

Observation

1.2.2.1 IPSAS Cash Basis of accounting required that cash payments are recorded only when cash is actually paid or for goods and services delivered.

1.2.2.2 Section U.10 of the PFM Regulations of 2009 'Discharge of Accountability for Government Inventories' states:

1. "A head of Government Agency is accountable for the government inventories from the time of acquisition or assignment from the General Services Agency to the time they are of no further use or value to government.
2. Accountability is discharged when government inventories have been
   a) consumed in the course of public business and records are available to show that the government inventories have been consumed;
   b) worn out in the normal course of public business and deletion from the accounts has been approved by the General Services Agency and they have been disposed of in accordance with Sections 123 and 124 of the Public Procurement and Concessions Commission Act 2005;
   c) lost, stolen, destroyed, damaged or rendered unserviceable other than by fair wear and tear, and if deletion from the accounts has been approved by the General Services Agency."

1.2.2.3 Section P.12 states "Where the officer signing the payment voucher cannot himself check that the services, goods or works for which payment is being made have been received, he shall ensure that the voucher is supported by original copies of supporting documents such as contract, local purchase order, goods received note, and a certificate or other endorsement such as an annotated rubber stamp signed by an officer who can attest to the correctness of the fact.

1.2.2.4 During the audit, we observed that sampled payments amounting to US$53,403.00 and LR$2,001,000.00 for various items pay for could not be traced to the warehouse as received, stored, and subsequently supplied by the GSA warehouse team. There were no goods received notes used in the process of these items purported delivery. **See table 4 below.**

Table 4: Payments (Un-Substantiated Deliveries)

Voucher No.	Date	Description	Amount US$	Amount US$
501	8-Jul-19	Payment represents the cost of assorted petroleum products to be use by the Agency as per the attached document.	10,000.00	0.00
503	July 12,2019	Payment represents the cost of assorted building materials to GSA for use on the agency main compound as per the attached document.	9,000.00	0.00
505	July 17,2019	Payment represents the cost of the assorted stationery materials to be used by the agency as per the attached document.	2,018.00	0.00
231	July 19,2019	Payment represents the cost of electrical materials to GSA for use on the agency main compound as per the attached document.	0.00	2,001,000.00
509	July 24,2019	Payment represents the cost of assorted stationery materials to be used for the July 26th Independence Day celebration as per the attached document	11,700.00	0.00
514	Sept 3,2019	Payment represents the cost of petroleum products to GSA to be use for the agency daily operations as per the attached document	700.00	0.00
517	Nov. 14,2019	Payment represents the cost of petroleum products to be used for the agency daily operations as per the attached document	1,500.00	0.00
519	Dec. 23 ,2019	Payment represents the cost of assorted petroleum to GSA as per the attached document.	10,000.00	0.00
523	Jan. 16,2020	Payment represents the cost for assorted cleaning materials to be used for the agency as per the attached document.	8,485.00	0.00
525	Jan.16 2020	Payment represents the cost for assorted building materials to be used by the agency as per the attached document.	6,000.00	0.00
Total			**59,403.00**	**2,001,000.00**

Risk

1.2.2.5 Inventories may be misappropriated leading to decline in operational activities.

1.2.2.6 Failure to effectively maintain documentations for inventory receipt, storage, and distribution may lead to unauthorized and misappropriation of inventory.

Recommendation

1.2.2.7 Management should initiate at least an excel based inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.

1.2.2.8 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.

1.2.2.9 All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

1.2.2.10 *Deliveries of goods are substantiated by delivery notes and are delivered in the presence of Internal Auditors, Warehouse Staff and verification certificate from Physical Audit Department at the MFDP where necessary. Moreover, the GSA at time receives goods on the field base on the urgency. However, the presence of Internal Auditors, Warehouse Staff and other verification teams are present. Please see attachments.*

Auditor General's Position

1.2.2.11 We acknowledge Management's subsequent submission of documents after our audit execution. However, the evidence is not sufficient and did not address the issue raised. The issue of various items pay for that could not be traced to the warehouse as received, stored, and subsequently supplied by the GSA warehouse team; as well as, there were no evidence of goods received note used was not address. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.2.3 Un-submitted documents

Observations

1.2.3.1 The IPSAS Cash Basis of accounting required that transactions for cash payments are only recorded when cash is actually paid.

1.2.3.2 Section A.3 of the PFM Regulations of 2009 states that "(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".

1.2.3.3 It was observed during the conduct of the audit that Management of the GSA did not provide documents for payments amounting to US$115,686.75. **See table 5a below.**

Table 5a: Un-submitted documents

Ledger Name	Date	Voucher #	Description	Amount US$	Payment Type
Fuel & Lubricants	July 8,2019	00000634	fuel	10,000.00	GSA Payment
Fuel & Lubricants	Sept.1,2019	00000648	fuel	700.00	GSA Payment
Fuel & Lubricants	Nov. 14,2019	00000652	fuel	1,500.00	GSA Payment
Fuel & Lubricants	Dec.23,2019	00000654	fuel	10,000.00	GSA Payment
Fuel & Lubricants	May 30,2020	00000667	fuel	30,000.00	GSA Payment
Fuel & Lubricants	April 25,2020	000000362	fuel	19,955.28	GSA Payment

Ledger Name	Date	Voucher #	Description	Amount US$	Payment Type
Fuel & Lubricants	April 25,2020	000000362	fuel	1,000.91	GSA Payment
Repair & Maintenance	July 24,2019	00000646	repair & maint.	1,320.00	GSA Payment
Repair & Maintenance	Dec.23,2019	00000655	repair & maint.	20,000.00	GSA Payment
Repair & Maintenance	Dec.2,2019	000000351	repair & maint.	4,254.84	GSA Payment
Travel	Nov. 22,2019	00000653	other	240.00	GSA Payment
Travel	Oct. 15,2019	000000348	other	219.98	GSA Payment
Utilities	July 24,2019	00000645	other	480.00	GSA Payment
Utilities	Oct. 14,2019	000000345	utilities	180.00	GSA Payment
Office Materials & Consummables	Feb.10,2020	00000663	office mat.	720.00	GSA Payment
Other General Expenses	April 25,2020	00000666	repair & maint.	574.00	GSA Payment
Other General Expenses	May 30,2020		instant statement	1.00	GSA Payment
Other General Expenses	July 24,2019	000000339	office mat	7,924.75	GSA Payment
Other General Expenses	Sept. 25,2019	000000341	other	2,000.00	GSA Payment
Other General Expenses	Oct. 14,2019	000000346	other	200.00	GSA Payment
Other General Expenses	Oct. 14,2019	000000347	other	1,100.00	GSA Payment
Other General Expenses	Dec.19,2019	000000355	other	150.53	GSA Payment
Other General Expenses	April 8,2020	000000359	other	150.00	GSA Payment
Other General Expenses	May 7,2020		instant statement	1.00	GSA Payment
Specialized Material & Services	July 19,2019	000000333	cleaning mat	1,220.91	GSA Payment
Specialized Material & Services	Oct. 11,2019	000000343	cleaning mat	453.00	GSA Payment
Specialized Material & Services	Dec.9,2019	000000352	cleaning mat	922.00	GSA Payment
Specialized Material & Services	Dec.11,2019	000000353	cleaning mat	418.54	GSA Payment
Total				**115,686.75**	

Risk

1.2.3.4 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.

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

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

Recommendation

1.2.3.7 Management should account for transactions for which supporting documents were not provided.

1.2.3.8 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.

1.2.3.9 All relevant supporting documents pertaining to the transactions should be adequately documented and filed to facilitate future review.

Management's Response

1.2.3.10 *This is noted. Management has been cognizant of the Public Financial Management Act and has over the years-maintained records of all payments made to vendors and suppliers with which it transacts. See attachment/Table.*

Auditor General's Position

1.2.3.11 We acknowledge Management subsequent submission of some payment documentation after our audit execution and have adjusted the unsubmitted documents to US$21,936.55 to be accounted for by Management: (US$115,686.75 – US$93,750.19): **See table 5b below.,**

Table 5b: Payments Irregularities

Description	Nature of Irregularities	Amount US$
Payments	Unsubmitted	21,936.55

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

1.3 Other Financial Issues

1.3.1 No Supporting Detailed General Ledgers

Observation

1.3.1.1 Regulations A.3 (1) of the PFM Act of 2009 states that "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 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".

1.3.1.2 During the conduct of the audit, we observed that Management did not operate a functional accounting software in recording the transactions of the entity. Financial transactions were recorded using Microsoft Excel.

1.3.1.3 We further observed that there were no general ledgers, subsidiary ledgers and trial balance. Financial statements were prepared directly from expenditure schedule prepared in Microsoft Excel spreadsheets.

Risk

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

1.3.1.5 Financial data may be subjected to unauthorized access, and the integrity and security of financial data may be impaired.

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

Recommendation

1.3.1.7 Management should ensure that detailed general ledgers are prepared to support figures mentioned in the expenditure report. 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.

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

1.3.1.9 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

1.3.1.10 *GSA Management currently uses manual inputs in generating financial reports in General ledgers. However, we will ensure to procure functional accounting software to record all financial transactions as well as prepare a general ledger and trial balance to support other details of the financial statements.*

Auditor General's Position

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

1.3.2 Payment Vouchers Not Numbered

Observation

1.3.2.1 Section P.9 of the PFM Act of 2009 states that" (1) All disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers.

1.3.2.2 Part P.9 Counts 1 & 3 of the PFM Regulation state that "All disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers;

1.3.2.3 All payment vouchers shall be typewritten or made out in ink or ball point pen and shall contain or have attached particulars of the services, goods or works procured including dates, numbers, rates so that they can be checked without references to any other document."

1.3.2.4 During the audit, We observed that all payment vouchers prepared by Management for the disbursement of funds during the Fiscal Year 2019/2020 were not pre-numbered.

Risk

1.3.2.5 Failure to ensure that payment vouchers are pre-numbered may lead to duplication of vouchers numbers. This may lead to double payments for the same transactions.

Recommendation

1.3.2.6 Management should ensure that payment vouchers are pre-numbered and in sequential order.

Management's Response

1.3.2.7 *The GSA Management wishes to categorically state that all payment vouchers for its transactions were sequentially numbered for ease of reference contrary to what is reported in the audit report regarding payment vouchers not being pre-numbered. Please reference all vouchers attached.*

Auditor General's Position

1.3.2.8 Management's assertion is not supported by documentary evidence. Management payment vouchers templates are printed from Microsoft Word and manually numbered during usage. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.3 Analysis of Fuel Receipt and Distribution

Observation

1.3.3.1 Regulation A.3.1 of PFM Act of 2009 states " Any public officer concerned with the conducted 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."

1.3.3.2 During the audit, we observed that variances amounting to US$53,539.51 between purchases and distribution of fuel and gasoline were unaccounted for. We further observed no evidence that surpluses for prior periods were carried forward to the next fiscal period. **See table 6 below.**

Table 6: Analysis of Fuel Receipt and Distribution

	A Amount received per delivery note US$	B Amount distributed in Distribution log USD	C = A - B Variance US$
Fuel	95,939.51	42,400.00	53,539.51

Risk

1.3.3.3 Fuel procured may not be based on actual consumption.

1.3.3.4 The absence of a report on carrying forward excess fuel from prior periods to subsequent periods may lead to misappropriation of fuel.

1.3.3.5 Failure to maintain adequate records of fuel and gas procured and distributed may lead to misappropriation, waste and abuse of fuel.

Recommendation

1.3.3.6 Management should develop, approve and operationalize a fuel consumption policy to regulate the procurement and distribution of fuel.

1.3.3.7 Management should maintain a fuel consumption and distribution log to help the entity manage cost and inform future purchases.

1.3.3.8 Management should perform periodic reconciliation between the fuel procured and distributed. Differences observed should be adequately documented and carry forward.

Management's Response

1.3.3.9 *GSA Management has always ensured proper accountability of procured fuel and gas as indicated in the General ledger that was given the Auditors for viewing. It is also evidenced by the huge quantity carried forward as indicated in your report. We will* *however ensure the utilization of all procured fuel and gas within a particular fiscal space. We will again provide the distribution listing for the auditors to review again.*

Auditor General's Position

1.3.3.10 Management did not adequately address the issues raised. Management should have accounted for the variance between fuel procured and distributed. As asserted in our findings, we also noted no evidence of difference between fuel procured and distributed being carried forward to subsequent period. Therefore, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.4 Fuel & lubricants

Observation

1.3.4.1 Section 41(5) 'Procurement Planning' states
"Each Procuring Entity, shall, on a quarterly basis and whenever it becomes necessary, review and update its procurement plans and notify the Commission in writing and the Minister of Finance of any material changes in its plan. An updated procurement plan shall accompany said notice to the Commission."

1.3.4.2 During the audit, we observed that the total amount expended on fuel and lubricant of US$169,125.76 was more than the approved procurement plan of US$27,015.00. There was no evidence an addendum was done to the entity budget as well as update to the procurement plan and subsequent approval by the PPCC for the increase in such payment above the planned amount.

Risk

1.3.4.3 Expending beyond the planned procurement amount may lead to discretionary expenditure, waste and undermine value for money.

Recommendation

1.3.4.4 Management should provide substantive justification for procuring for fuel in excess of the value enshrined in the approved procurement plan and contract.

1.3.4.5 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.

1.3.4.6 Management should ensure that all procurement line items are monitored to ensure that they do not exceed the planned amount. All unplanned procurement activities should be subsequently submitted to PPCC for approval before execution.

1.3.4.7 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.

1.3.4.8 Evidence of approved policy, distribution logs and all other relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

1.3.4.9 *Incomes which specifically come from the Ministerial complex are contingent payments from users of the Facility which are not captured in the procurement plan as such most of the daily expenditures on fuel are not captured in our annual procurement plan. However, going forward every additional funding that is received by the entity and spent on the purchase of fuel, will be reported in the entity's updated yearly procurement plan and submitted to the PPCC.*

Auditor General's Position

1.3.4.10 Management did not adequately address the issue raised. Management did not provide evidence of an approved updated procurement plan by the PPCC, as asserted in our finding. Therefore, we maintain our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.5 Variance analysis of Communication Cards received and distributed

Observation

1.3.5.1 Regulation A.3.1 of PFM Act of 2009 states " Any public officer concerned with the conducted 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."

1.3.5.2 During the audit, we observed a difference between the amount of communications cards purchased and the amount distributed of US$76,816.00 which had no evidence of surpluses accounted for. We further observed that there was no evidence of an authorized listings for communication cards requested and distributed in the amount of US$6,834.00. **See table 7 below.**

Table 7: Variance analysis of Communication Cards received and distributed

	A Amount received per delivery note US$	B Amount distributed in Distribution log US$	C = A - B Variance US$
Communication Cards	83,650.00	6,834.00	76,816.00

Risk

1.3.5.3 Communication cards procured may not be based on actual consumption.

1.3.5.4 Failure to develop policy on communications cards distribution may lead to arbitrary distribution and misappropriation of the entity's funds.

1.3.5.5 Failure to maintain adequate records on communication cards distribution may lead to misappropriation.

Recommendation

1.3.5.6 Management should develop, approve and operationalize a communication cards procurement and distribution policy to regulate the procurement and distribution of communication cards.

1.3.5.7 Management should maintain a communication cards consumption and distribution log to help the entity manage cost and inform future purchases.

1.3.5.8 Management should perform periodic reconciliation between the communication cards procured and distributed. Differences observed should be adequately documented and carry forward.

1.3.5.9 Evidence of approved policy, distribution logs and all other relevant supporting documents should be adequately documented and filed to facilitate future review.

Management's Response

1.3.5.10 *GSA Management has always maintained ledger for the distribution of procured communication cards. However, authorization for the distribution of those cards is based on need and are most time verbal. Moving forward, we will ensure an approved memo from authorities for the distribution of any card as well as develop policies for their allocations and distribution.*

Auditor General's Position

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

1.3.6 Abi Jaoudi and Azar Corporation Agreement

Observation

1.3.6.1 Regulation A.3(1) of the PFM Act of 2009 states that, "Any public officer 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."

1.3.6.2 During the audit, we observed that Management waived US$53,000.00 to Abi Jaoudi and Azar Corporation for assisting the Government of Liberia during the trials at the civil law court to the Supreme Court. No details of the trial were disclosed for which the amount was waived. The amount waived was from a US$83,000.00 outstanding lease rental for two separate lease agreements of March 20, 1986, and May 1, 2001.

1.3.6.3 We further observed that the terms of the new lease agreement do not seem reasonable with such a prime property rented out an average of US$4,475.00 per year for 20 years for two properties 1.64 lots/0.41 acre and 0.57 acre; Appraisal of the property was not done before the signing of the new lease agreement in February of 2019. **See table 8 below terms of lease payment.**

Table 8: Abi Jaoudi and Azar Corporation Agreement

Lease Term	Amount US$
2026 to 2031 (5yrs)	20,000.00
2031 to 2036 (5yrs)	21,500.00
2036 to 2041 (5yrs)	23,000.00
2041 to 2046 (5yrs)	25,000.00
Total	**89,500.00**

Risk

1.3.6.4 Waiving government revenue without authorization from the appropriate authority and without evidence of adequate supporting documents may lead to abuse of state funds.

1.3.6.5 Leasing property without completion of appraisal may lead to loss of government revenue from lease payment terms that are not reasonable, as the current/market value of the property may not be ascertained.

Recommendation

1.3.6.6 Management should provide substantive justification for waiving receivables without appropriate authorisation and adequate supporting documents.

1.3.6.7 Management should provide substantive justification for leasing GoL property without valuation of the current/market value of the assets.

1.3.6.8 Going forward, Management should liaise with the appropriate authority for approval before writing-off revenue due to government. All relevant supporting documents of approval should be adequately documented and filed to facilitate future review.

1.3.6.9 Management should conduct valuation of all GoL assets to determine current/market value before finalizing the agreements. All supporting documents of the valuation and the subsequent contracts entered into should be adequately documented and filed to facilitate future review.

Management's Response

1.3.6.10 *This lease agreement is among the very few Government owned properties that the GSA leased out. These are very long term lease agreements that have been regularly renewed based on specific tight clauses/ conditions. This property in particular was been contested by a family (the court documents are with the GSA for your perusal) and the case lasted in court for a very long time. During the entire trial the GSA did not spend a dime on legal fees what so ever. Abi Jaoudi and Azar Co. who is the lessee bore all of the legal and administrative expenses and the trial ended in favor of the GSA/Government of Liberia. At the end of the trial, Abi Jaoudi requested that the legal and administrative fees they incurred be deducted from the rent. The amount was so huge that the GSA could not afford. Additionally, we observed that the rental amount for the two leases were very small and opted for the two leases to be merged with some adjustments in the terms and conditions and draw up one new lease agreement because the facilities are on one land in the same place.*

1.3.6.11 *One of the leases was to expire in 2021 and the other in 2026. The rental amount for the two leases up to their expiration was (USD $ 83,000). Base on intensive conversation, the GSA agreed to compensate/offset the legal and administrative fees that the Abi Jaoudi incurred by waving (USD $ 53,000) of the (USD $ 83,000) and asked them to deposit the balance (USD $ 30,000) in Government revenue account, which they did. Details can be seen in the new lease agreement and other documents that were earlier submitted to you.*

1.3.6.12 *The total value for the new lease agreement for the 20 years is USD $ 447,000 as opposed to the USD $ 89,500 reported in your Management Letter. Attached is a copy of the litigation document between the parties.*

Auditor General's Position

1.3.6.13 Management assertions and agreement for debt waiver is not backed by national laws and regulations, GSA policy, or other relevant documents. Management did not provide evidence of payment for US$30,000.00 by Abi Jaoudi for outstanding arrears after the waiver, neither did Management provide evidence of the new lease agreement for 20 years which Management asserted is valued at US$447,000.00. Management should therefore provide all relevant supporting document to the Office of the Auditor General for validation after the issuance of the Auditor General's Report to the National Legislature.

1.3.7 Non Appraisal of Leased of Properties

Observation

1.3.7.1 During the audit, we observed that appraisal of properties was not performed before entering into lease agreement. The below list shows properties leased out without evidence of appraisal. **See table 9 below.**

Table 9: Non-Appraisal of Leased of Properties

Lease Property	Lessee	Lease Agreement/Addendum Date	Lease Amount US$	Lease Tenure
a) 0.57 Acre of Land and b) 1.64/0.42 acre	Abi Jaoudi and Azar Corporation	February 23, 2019	89,500.00	March 23, 2026 to March 22, 2046
One Acre of land, UN Drive, Mamba Point	Liberia Group of Industries	April 25, 2018	240,000.00	April 25, 2018 to April 24, 2038
0.25 Acre of Land	Rasammy Bro	December 12, 1997	115,000.00	April 1, 2003 to March 31, 2023

Risk

1.3.7.2 Leasing property without completion of appraisal may lead to loss of government revenue from lease payment terms that are not reasonable, as the current/market value of the property may not be ascertained.

Recommendation

1.3.7.3 Management should provide substantive justification for leasing GoL property without valuation of the current/market value of the assets.

1.3.7.4 Management should conduct valuation of all GoL assets to determine current/market value before finalizing the agreements. All supporting documents of the valuation and the subsequent contracts entered into should be adequately documented and filed to facilitate future review.

Management's Response

1.3.7.5 *Please see attached for response to counts 1.3.5.1, 1.3.8.3 and 1.3.7.2 on issues regarding appraisal report on the LIBERIA GROUP OF INDUSTRIES within the 2017, 2018 and 2020 draft report.*

1.3.7.6 *Please see attached for response to counts 1.3.5.1, 2018, 1.3.8.3 and 1.3.7.2 on issues regarding appraisal report on the RASAMY BROTHERS within the 2017, 2018 and 2020 draft report.*

1.3.7.7 *Attached also is the list of lease agreements executed by the Government of Liberia and other relevant documents.*

Auditor General's Position

1.3.7.8 We acknowledge Management subsequent submission of requested documents after our audit execution. However, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.3.8 Irregularities Associated with GoL Master Fixed Assets Management System

Observation

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

1.3.8.2 During the audit, we observed the following irregularities associated with the GoL Master Fixed Assets Management System manage by GSA:

- No evidence of a national fixed assets management policy
- No evidence of a national fixed assets register containing all classes of assets across GoL Ministries, Agencies and Commissions (MACs).
- No unique coding system for all classes of fixed assets across GoL MACs
- Several fixed assets at GoL MACs are not coded
- Limited evidence of periodic physical verification of assets by GOL MACs
- Limited evidence of movement of assets forms at GoL MACs
- Limited evidence that fixed assets within a given vicinity at GoL MACs were displayed as required by the PFM Act.
- Limited evidence of disposal and transfer of assets at GoL MACs

Risk

1.3.8.3 The National Fixed Assets Register may be misstated (Over/understated).

1.3.8.4 Fixed assets may be damaged or impaired, but their values are still on the books.

1.3.8.5 Fixed assets may be removed from GoL MACs' premises without authorization, misappropriated, subjected to personal use or theft.

1.3.8.6 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.

1.3.8.7 Fixed Assets not coded may be susceptible to theft or diverted to personal use. Also, fixed assets may be exchanged or stolen if not coded.

Recommendation

1.3.8.8 Management should develop, approve and operationalize a national fixed assets policy. The policy should be effectively communicated and instituted at all GoL MACs.

1.3.8.9 GoL should facilitate the creation of a national fixed assets register in IFMIS to facilitate the effective recording of all fixed assets at GoL MACs.

1.3.8.10 GoL MACs should ensure that all assets value is recorded and maintained in the entity's (MACs) fixed assets register. Each MACs' fixed assets register should be automatedly linked to the national fixed assets register module in IFMIS to facilitate the consolidation of the national fixed assets register. The MACs fixed assets register should be updated periodically to reflect all the entity's fixed assets.

1.3.8.11 The fixed assets module in IFMIS should be develop 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.

1.3.8.12 Management should develop and operationalize a systematic fixed assets coding system to ensure all classes of fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.

1.3.8.13 MACs and the GSA Management should conduct periodic fixed assets count and /or verification to determine and corroborate the current condition and location of assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

1.3.8.14 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act, at all GoL MACs.

1.3.8.15 A Movement of Asset Form should be instituted, filled and authorized before assets are moved from one location to another. The entity's fixed asset register should be updated to reflect the change in location of asset.

Management's Response

1.3.8.16 *Management wishes to clarify that the attached copies of documents were requested by a team of auditors from your entity and we complied. On the said copies, you will see columns showing the cost of assets (fleet) and evidences of the authorization of assets movements. Please see the evidences of the authorization of assets movements. Please see the attached template. Management also wishes to remind you that the Revenue Code of 2000 is the basis for assets depreciation.*

1.3.8.17 *In view of your observation mentioned, Management wishes to assure you that we are going to work very hard to implement the new ones and will continue to carry out the systems, processes and procedures within the GSA.*

1.3.8.18 *Management meanwhile wishes to recommend the updating of the 2009 Policy on National Fleet Management to meet present reality.*

There was no evidence of the authorization of assets movements.

1.3.8.19 *Management wishes to clarify that copies of the authorization of assets movement were available to the team of auditors during the audit process. Meanwhile, copy is herewith attached.*

The Cost of Assets

1.3.8.20 *In our template of our assets register, provision for the cost of asset was removed due to non-cooperation of procurement officers in various MACs. As we work from this date forward, cost of assets will be given attention.*

Depreciation
Accumulated depreciation
Net Book Value

1.3.8.21 *Management affirms that these can only be met when the cost of asset is known at the date pf purchase and date the asset is being assigned.*

Code (s) on Asset(s) did not match the code (s) in the register for some assets

1.3.8.22 *Management wishes to inform you that due to the transition from the Bureau of Real Estate (earlier responsible for coding and registration of assets) to the Bureau of Assets Management in 2016, only new assets acquired from then were captured in uniformity thereby creating some level of confusion in the coding system.*

Some Assets serial numbers were not update in the register

1.3.8.23 *Management will ensure that the serial number of every asset is updated in the register moving forward.*

There was no evidence of periodic physical verification of fixed assets management.

1.3.8.24 *Management will ensure improvement in physical verification of fixed assets management.*

There was no evidence of the authorization of assets movement.

1.3.8.25 *Management will ensure that going forward key attention will be given to that.*

Auditor General's Position

1.3.8.26 We acknowledge Management's subsequent acceptance of our findings on the National Fleet Management Policy. Also, we acknowledge Management's subsequent submission of documents after our audit execution. However, Management did not adequately address all the issues raised. Therefore, we maintain our findings and recommendation and we look forward to the implementation of the recommendations during subsequent audit.

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

1.3.9 Fixed Assets Register

Observation

1.3.9.1 Regulation V.4 (1-2) of the PFM Act of 2009 provides that furniture, and equipment issued for Government quarters or offices or vehicles and other fixed assets shall be brought on a master inventory of the Government Agency. 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.

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

1.3.9.3 We observed there was no evidence of the following columns:

- The cost of asset
- Depreciation
- Accumulated depreciation
- Net book value

1.3.9.4 Also, we observed the following:

- Code(s) on the asset(s) did not match the code(s) in the register for some assets
- Some assets serial numbers were not updated in the register
- There was no evidence of periodic physical verification of fixed assets by management
- There was no evidence of the authorization of assets movement
- There was no evidence of display log of assets

Risk

1.3.9.5 Assets may be missing, damaged, but their values are still on the books.

Recommendation

1.3.9.6 Management should expedite the following to facilitate effective fixed assets management:

- Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets.
- Records of physical verification exercises should be adequately documented and filed to facilitate future review.
- The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- Fixed assets within a particular vicinity should be clearly displayed as required.

- Management should account for fixed assets that were not verified during the physical inspection of the entity assets.

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

Management's Response

1.3.9.8 *Management wishes to clarify that the attached copies of documents were requested by a team of auditors from your entity and we complied. On the said copies, you will see columns showing the cost of assets (fleet) and evidences of the authorization of assets movements. Please see the evidences of the authorization of assets movements. Please see the attached template. Management also wishes to remind you that the Revenue Code of 2000 is the basis for assets depreciation.*

1.3.9.9 *In view of your observation mentioned, Management wishes to assure you that we are going to work very hard to implement the new ones and will continue to carry out the systems, processes and procedures within the GSA.*

1.3.9.10 *Management meanwhile wishes to recommend the updating of the 2009 Policy on National Fleet Management to meet present reality.*

There was no evidence of the authorization of assets movements.

1.3.9.11 *Management wishes to clarify that copies of the authorization of assets movement were available to the team of auditors during the audit process. Meanwhile, copy is herewith attached.*

1.3.9.12

The Cost of Assets

1.3.9.13 *In our template of our assets register, provision for the cost of asset was removed due to non-cooperation of procurement officers in various MACs. As we work from this date forward, cost of assets will be given attention.*

Depreciation
Accumulated depreciation
Net Book Value

1.3.9.14 *Management affirms that these can only be met when the cost of asset is known at the date pf purchase and date the asset is being assigned.*

Code (s) on Asset(s) did not match the code (s) in the register for some assets

1.3.9.15 *Management wishes to inform you that due to the transition from the Bureau of Real Estate (earlier responsible for coding and registration of assets) to the Bureau of Assets Management in 2016, only new assets acquired from then were captured in uniformity thereby creating some level of confusion in the coding system.*

Some Assets serial numbers were not update in the register

1.3.9.16 *Management will ensure that the serial number of every asset is updated in the register moving forward.*

There was no evidence of periodic physical verification of fixed assets management.

1.3.9.17 *Management will ensure improvement in physical verification of fixed assets management.*

There was no evidence of the authorization of assets movement.

1.3.9.18 *Management will ensure that going forward key attention will be given to that.*

Auditor General's Position

1.3.9.19 Management did not adequately address the issues raised. Management should ensure that all columns listed as not identified are included in the fixed assets register for proper documentation of fixed assets. All other issues identified including assets codes, serial numbers, assets movements, assets display logs are adequately performed and documented. Therefore, we maintain our findings and recommendations, we look forward to the implementations of our recommendations during subsequent audit.

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

1.3.10 Employees' File Management

Observation

1.3.10.1 Chapter 1 Section 1.2.5(Personnel Records) of the 2012 Standing Order of the Civil Service of the Republic of Liberia States that; Civil Servants' information to be included in the personnel files will include the position occupied and salary drawn. Further, the Personnel Action Notice (PAN) form shall be maintained as well as employment record forms, duty statements, letters of appointment, dismissal or resignation, medical report, copies of academic qualification and curriculum Vitae.

1.3.10.2 During the audit, we observed the following irregularities from the verification of employee files:

- 48 of the 213 staff who turn-up had no employment letter
- 38 of the 213 staff who turn-up had no salary information on their employment letter.

Risk

1.3.10.3 Failure to maintain updated employee files could lead to insufficient documentation during litigations and other related cases.

1.3.10.4 In the absence of adequate records on employees being maintained, arbitrary payment of salary may occur. This may also lead to the hiring of unqualified/inexperience employees.

Recommendation

1.3.10.5 Management should ensure that employees' files contained all relevant documentation (i.e recruitment documentation, employment letter, curriculum vitae, evidence of academic credentials, change of status letter, other relevant communications) are adequately maintained to facilitate future review.

1.3.10.6 Management should ensure that salary information is included both on the PAN and employment letter for all employees.

Management's Response

1.3.10.7 *Firstly, every employee's record is stored in a separate file in an orderly and organized filing cabinet. Items in each employee's file are stored consistent with the CSA approved attached check list and are also scanned for electronic viewing. Files update is a routine activity at the Bureau for verification of requisite items. It is also noted that some employees' files inherited by this Management did not have some of the requisite items including employment letters. During our regular assessment, we notified those employees who are actively in service to provide those documents. Management then issued letter of acknowledgment to each of them in order to represent their letters of employment. We are currently working on ensuring we update all employees' files with their most recent information including salary from the GoL Salary Harmonization Team.*

1.3.10.8 *Moreover, we presented over 200 out of 367 active employees' files to the Auditors in order to generate their sampling as they requested. In each of those files, items therein were consistent with the approved check list, including employment letters and other relevant information. The Auditors also requested to meet with individual employee as part of their sample taking.*

Auditor General's Position

1.3.10.9 We acknowledge Management's assertions. However, with the 48 of the 213 staff having no employment letter and 38 of the 213 staff who turn-up having no salary information on their employment letters, we maintain our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.11 Compliance Issues

1.3.12 Procurement Irregularities

Observation

1.3.12.1 Section 26 (1-2) of the PPC Act of 2005 as amended and restated in 2010 states that "Every Procuring Entity must establish a Procurement Committee to which this act applies.

A Procurement Committee shall consist of five (5) persons. The Head of the Procuring Entity or his or her deputy shall be chairperson of the Procurement Committee."

1.3.12.2 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 periodic (quarterly and annual) procurement activities report submitted to PPCC.

Risk

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

1.3.12.4 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.

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

Recommendation

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

1.3.12.7 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.

Management's Response

1.3.12.8 *There is a permanent procurement committee as seen in the attachment.*

Auditor General's Position

1.3.12.9 Management did not adequately address the issues raised. Management provided no evidence of periodic procurement committee minutes and procurement activities reports to the PPCC. Therefore, we maintain our findings and recommendation. We will follow up on the implementation of our recommendations during subsequent audit.

1.3.13 No Functional Budget Committee

Observation

1.3.13.1 Regulation D.16.1 of the PFM Act of 2009 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)".

1.3.13.2 And, Section 3.3 of the GSA Financial Management Policies & Procedures Manual states "During the Strategic Phase, the GSA is to establish a Budget Committee whose responsibility is to perform the following tasks as mandated by the PFM Part D. 16 (1) (2), Section I, PFM Regulation:

- Review & formulate GSA's strategic plans based on the policies of the GoL;
- Review the revenue collecting activities, if any;
- Allocate GSA's resources based on objectives, outputs and activities;
- Coordinate and consolidate the GSA's budget;
- Monitor and evaluate GSA's budget performance; and
- Report in accordance with the GoI's instructions and regulations."

1.3.13.3 During audit, we observed no evidence of a functional Budget Committee audit as required by the PFM Regulation.

Risk

1.3.13.4 The absence of a functional budget committee may lead to inefficiency in the GSA budget formulation, implementation, and monitoring.

Recommendation

1.3.13.5 Management should maintain a functional Budget Committee to be responsible for budget formulation, implementation and the monitoring of the organization's budgeting activities.

1.3.13.6 Meeting minutes and periodic reports of the budget committee should be adequately documented and filed to facilitate future review.

Management's Response

1.3.13.7 *This is noted. GSA Management will ensure in close consultation with all stakeholders, consistent with the PFM Law that a budget committee is instituted at the GSA.*

Auditor General's Position

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

1.3.14 Irregularities Associated with Bidding Process

Observation

1.3.14.1 Section 61, (1) & (2) of the PPC Regulations states "(1) Bids shall be opened at the time and place indicated in the invitation to bid, request for quotation, request for proposal or the related bidding documents, and the time of bid opening shall coincide with the deadline for submission of bids, or follow immediately thereafter, allowing a minimum time interval for logistical reasons.

1.3.14.2 (2) Bidders or their representatives may attend the bid opening, where the name of the bidder, the total amount of each bid, any discounts or alternatives offered, and the presence or absence of any bid security, if required, and essential supporting documents shall be read out loud and recorded, and a copy of the record shall be made available to any bidder on request; and any documents containing details of the financial offer must be signed by each member of the bid opening team.

1.3.14.3 Also, Section 62 (1) & (2) of the PPCA Regulations states '(1) Following the opening of bids, the Procurement Unit shall first examine the bids in order to determine whether the bids are complete and signed, whether required documents to establish legal validity and required bid security have been furnished and whether bids are substantially responsive to the technical specification and contract conditions set forth in the bidding documents.

1.3.14.4 (2) Bids which are not complete, not signed, not accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the Amended and Restated Public Procurement and Concessions Act 61 bidding documents, shall be rejected and excluded from further evaluation and comparison.

1.3.14.5 Additionally, Section 65 (1) & (2) of the PPC Regulations states "(1) The contract shall be awarded by the Procuring Entity to the bidder that is qualified and submitted the lowest evaluated responsive bid which meets the evaluation criteria as specified in the invitation to bid, request for quotation, request for proposal or the related bidding documents.

1.3.14.6 (2) Prior to the expiry of the period of bid validity and at the time pursuant to subsection (1) of Section 31 at which the Procurement Committee forwards to the Commission the Procurement Committee's notice of intent to award a contract, the Procuring Entity shall notify the apparently successful bidder of the proposed award and shall specify the time within which the contract must be signed (see subsection (1) of Section 66).

1.3.14.7 Section 57 (1) & (2) of the PPC Regulations states

1) "An invitation to bid (pursuant to Sections 47 through 49 of this Act), or an invitation to prequalify (pursuant to Section 32 of this Act), shall be Published.
2) The invitation to bid or, as the case may be, the invitation to prequalify, shall include information on:
    a) The identity and address of the Procuring Entity;
    b) The nature and time-frame of the procurement, including the place of delivery of goods or services, and the location of any works; Amended and Restated Public Procurement and Concessions Act 57
    c) The manner of obtaining and the price (if any) of the bidding documents, or, if applicable, the prequalification documents;
    d) The place and deadline for submission of bids, or of applications to prequalify; and
    e) Such other matters as may be prescribed in the regulations and standard forms issued by the Commission.

1.3.14.8 Also, Section 59 (1) & (2) of the PPC Regulations states "(1) A bid shall be submitted in writing, duly signed and in a sealed envelope, and bids received after the deadline for submission of bids shall be returned unopened.

1.3.14.9 (2) Invitations for prequalification, invitations to bid, requests for quotations, requests for proposals and related bidding documents shall permit submission of applications to prequalify or bids by hand, by mail or by courier at the option of the bidder.

1.3.14.10 During the audit, we observed the following irregularities associated with the bidding process:

- There was no evidence of bid review sheet signed by each member of the bid review committee showing how they scored each bidder five (5) procurement activities. **See table 13a below for details.**
- There was no evidence that Management maintained attendance of bid opening which evidence bidders' presence. **See table 13a below for details**
- Management undertook procurement activities for repair of ICT equipment through National Competitive Bidding and awarded a contract valued US$26,307.50 beyond the estimated cost which was US$10,948.00. **See table 13b below.**
- Management did not submit invitation to interested parties for building materials, vehicles spare parts, cleaning materials & services, generator spare parts, petroleum products, and stationery and no evidence of bid submission for eight (8) procurement activities. **See table 13c below.**
- There was no evidence of bid submission for the procurement activities below for the period under audit. **See table 13d below.**

Table 13a: Details of Procurement Act. Without Attendance & signed bid review records.

No	Procurement Activities	Contract Reference	Bid Method	Attendance & signed bid review records
1	Building Materials	IFB No. GSA/NCB/001/19/20	NCB	N/A
2	Vehicle spare parts	IFB No. GSA/NCB/002/19/20	NCB	N/A
3	Generator spare parts	IFB No. GSA/NCB/004/19/20	NCB	N/A
4	Telecommunication	IFB No. GSA/SBA/RB/001/19/20	RB	N/A
5	Petroleum Products	IFB No. GSA/SBA/RB/002/19/20	RB	N/A

Table 13b: Details of Procurement Act. With Cost and Contract Price Difference

No	Procurement Activity	Contract Reference	Procurement Method	Estimated Cost	Contract Price	Variance
1	Stationery	IFB No. GSA/NCB/003/19/20	RB	10,948.00	26,307.50	-15,359.50

Table 13c: Details of Procurement activities without evidence of invitation to bid

No	Procurement Activities	Contract Reference	Procurement Method	Invitation to Bid
1	Building Materials	IFB No. GSA/NCB/001/19/20	NCB	N/A

No	Procurement Activities	Contract Reference	Procurement Method	Invitation to Bid
2	Vehicle Spare parts	IFB No. GSA/NCB/002/19/20	NCB	N/A
3	Cleaning Materials & Services	IFB No. GSA/NCB/003/19/20	NCB	N/A
4	Generator Spare parts	IFB No. GSA/NCB/004/19/20	NCB	N/A
5	Petroleum products	IFB. No. GSA/SBA/RB/002/19/20	RB	N/A
6	Stationery	IFB No. GSA/SBA/RB/003/19/20	RB	N/A

Table 13d: Detail of Procurement activity without evidence of bid submission

No	Procurement Activities	Contract Reference	Procurement Method	Bid Submission
1	Building Materials	IFB No. GSA/NCB/001/19/20	NCB	N/A
2	Vehicle Spare parts	IFB No. GSA/NCB/002/19/20	NCB	N/A
3	Cleaning Materials & Services	IFB No. GSA/NCB/003/19/20	NCB	N/A
4	Generator Spare parts	IFB No. GSA/NCB/004/19/20	NCB	N/A
5	Telecommunication (scratch cards)	IFB No. GSA/SBA/001/RB/19/20	RB	N/A
6	Petroleum products	IFB. No. GSA/SBA/RB/002/19/20	RB	N/A
7	Repair of ICT Equipment	IFB No. GSA/SBA/RFQ/001/19/20	NCB	N/A
8	Print & Binding Services	IFB No. GSA/SBA/RFQ/002/19/20	RFQ	N/A

Risk

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

1.3.14.12 An undeserving vendor may be selected in the procurement process.

1.3.14.13 Value for money may not be achieved.

Recommendation

1.3.14.14 Management should facilitate full compliance with the PPC Act and Regulations for all its procurement activities.

1.3.14.15 All relevant supporting documents of procurement activities should be adequately documented and filed for subsequent review.

Management's Response

1.3.14.16 *As per the PPCA the bid evaluation report is what the GSA procurement Unit deals with and it is signed by each member of the bid evaluation committee during every bidding process. Please see attached the bid evaluation report.*

1.3.14.17 *The procurement of ICT equipment through the National Competitive Bidding method is a requirement base on the threshold. Although the estimated amount of US$ 10,948.00 was budgeted for the purchase of the equipment and the most responsive bidder submitted a quote of US$26,307.50, the GSA did not even receive the USD $10,948.00* *that was budgeted for the equipment. However, the framework contract is based on pre-agree unit price between the purchaser and the supplier. The GSA receive additional funding during the year which were used to beef up the available amount from the national budget that we including in the procurement plan. Going forward, available amount plus anticipated amount to enable the GSA procure needed equipment will all be updated in the planned amount for procurement planning.*

1.3.14.18 *That management submitted invitation to interested parties for those who participated in the bidding process of vehicle spare parts, telecommunication, petroleum products, stationery, printing services, building materials. Vehicle spare parts, cleaning materials, generator spare parts, petroleum products, and stationaries. Please see the attached documents.*

Auditor General's Position

1.3.14.19 We acknowledge Management's subsequent submission of bid evaluations reports and attendance for bid openings. However, Management provision of documents after our review, does not guarantee Management effective control of document management. Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.