Management Letter

On The Audit of the Roberts International Airport (RIA) Financial Statement

For The Years Ended December 31, 2016 and the six month ended June 30, 2017

Promoting Accountability of Public Resources

Monrovia, Liberia
August 2018

Yusador S. Gaye CPA, CGMA
Auditor General, R.L.
Management Letter Report On The Audit of
the Roberts International Airport (RIA) Financial Statement
For The Years Ended December 31, 2016 and the Six Month Ended June 30, 2017

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Mr. Wil Bako Freeman
Managing Director
Liberia Airport Authority (LAA)/ Roberts International Airport
Monrovia, Liberia

August 20, 2018

Dear Mr. Freeman:

The Financial Statements of the Roberts International Airport (RIA) is subject to audit by the Auditor General (AG) in terms of Section 2.1.3 the General Auditing Commission (GAC) Act of 2014.


INTRODUCTION
The Audit of the Financial Statements of RIA for the year ended December 31, 2016 and the six month ended June 30, 2017 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

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

This audit 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.

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 maintenance of effective control measures and compliance with laws and regulations are the responsibility the Management of RIA. Our responsibility is to express our opinion on the Financial Statements for the years ended December 31, 2016 and the six month ended June 30, 2017.

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 Roberts International Airport (RIA) during the audit.

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia

Sincerely,

Yusador S Gaye, CPA CGMA
Auditor General, R.I.
1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Financial Reporting Requirements
1.1.1.1 On July 1, 2013 the Government of Liberia mandated all Government Business Enterprises or State Owned Enterprises (SOEs) to adopt International Financial Reporting Standards (IFRS) in the preparation and presentation of their financial statements.

1.1.1.2 During the conduct of the audit, it was observed that the Management of RIA prepared its financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP) rather than the International Financial Reporting Standards (IFRS) as adopted by the Government of Liberia as a reporting framework for State Owned Enterprises (SOE).

Risk
1.1.1.3 The failure of the Robert International Airport (RIA) Management to prepare financial statements in accordance with IFRS undermines comparability and consolidation of SOEs financial statements.

Recommendation
1.1.1.4 The RIA Management should adopt the IFRS as its financial reporting framework.

Management Response
1.1.1.5 We take note and the management of the LAA is willing to meet up with this requirement.

Auditor General’s Position
1.1.1.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of our finding.

1.1.2 Provision for Doubtful Accounts

Observation
1.1.2.1 Section 6.15.4 of the RIA’s Standard Operation Manual (SOM) provides that receivable should be declared doubtful if the amount is not collected for at least 12 months from the date the transaction occurred.

1.1.2.2 During the conduct of the audit, it was observed that the RIA Management did not adhere to the above section of the SOM. Hence, the RIA Management has maintained account receivables as far back as 2008.
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Risk
1.1.2.3 The account receivable balance could be overstated in the absence of the application of section 6.15.4 of the SOM.

Recommendation
1.1.2.4 The RIA Management should provide justification why they have not applied section 6.15.4 of the SOM.

Management Response
1.1.2.5 We acknowledge this finding and RIA Management will take the necessary steps to remedy the situation and make the necessary adjustments in accordance with Section 6.15.4 of the SOM.

Auditor General’s Position
1.1.2.6 We acknowledge Management’s acceptance of our finding. The RIA Management should ensure that the necessary approvals are obtained from the Board of Directors in order to write-off receivables that have been classified as uncollectible. This will ensure a fair presentation of the RIA’s receivables.

1.1.3 Fixed Assets

Observation
1.1.3.1 FASB ASC 360-10-50-1 requires that the following disclosures in the Financial Statements or notes thereto:
   a. Depreciation expense for the period
   
   b. Balances of major classes of depreciable assets, by nature or function, at the balance sheet date
   
   c. Accumulated depreciation, either by major classes of depreciable assets or in total, at the balance sheet date
   
   d. A general description of the method(S) used in computing depreciation with respect to major classes of depreciable assets.

1.1.3.2 Additionally, FASB ASC 360 also provides accounting and disclosure guidance for long-live assets are impaired or held for disposal. Rule 5-02b of Regulation S-X requires that registrants state the basis of determining the amounts of property, plant and equipment.

1.1.3.3 During the conduct of the audit, we observed that the fixed asset register of the RIA was incomplete and there was no evidence of the figures within the register reflecting a fair value as some of assets have been on their books of the RIA since the establishment of the RIA.
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Risk
1.1.3.4 The accuracy of the fixed assets balance could be in doubt in the absence of a complete fixed asset register.

Recommendation
1.1.3.5 The RIA Management should hire a valuator to revalue and update its fixed asset register to reflect the actual fixed asset portfolio of the entity.

Management Response
1.1.3.6 We acknowledge this recommendation. However, the RIA did hire the services of the FBSJ Management Consultants Certified Public Accountants and Business Advisors to conduct fixed assets verification, coding and reevaluation in 2015. The process has been completed and we will be making the necessary adjustments to our Fixed Assets Register

Auditor General’s Position
1.1.3.7 We acknowledge Management’s acceptance of our finding. However, fixed assets are a significant portion of the RIA’s operations. It is recommended that a revaluation is carried out that captures the total fixed assets of the entity. This process would to the fair presentation of the fixed asset position of the entity.

1.1.4 Retained Earnings
1.1.4.1 FASB ASC 250-10-45-5 states “The cumulative effect of the change on periods prior to those presented should be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented. An offsetting adjustment, if any, shall be made to the opening balance of retained earnings or other appropriate components of equity or net assets in the statement of financial position for that period. Financial statements for each individual prior period presented should be adjusted to reflect the period-specific effects of applying the new accounting principle.” Additionally, FASB ASC 250-10-05-2 requires, unless impracticable or otherwise specified by applicable authoritative guidance, retrospective application to prior periods financial statements of change in accounting principle. Retrospective application is the application of a different accounting principle to prior accounting periods as if that principle had always been used more specifically.

1.1.4.2 It was observed during the audit that RIA Management reported a closing retained earnings balances as stipulated below but could not be traced to any accumulated activity of the entity. See 3 below
Table 3

<table>
<thead>
<tr>
<th>Item</th>
<th>Year</th>
<th>Amount US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Earnings</td>
<td>2016</td>
<td>13,044,084</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>2017</td>
<td>13,690,886</td>
</tr>
</tbody>
</table>

**Risk**

1.1.4.3 The accuracy of the financial statement would be in doubt if the retained earnings reported are not backed by any corresponding activity of the entity.

**Recommendation**

1.1.4.4 The Management of RIA should justify the corresponding activity of the amount reported as retained earnings in the balance sheet.

**Management Response**

1.1.4.5 We acknowledge this finding and recommendation. We will make the necessary adjustments to our books.

**Auditor General’s Position**

1.1.4.6 We acknowledge Management’s acceptance of our finding. However, the RIA Management should ensure that the necessary adjustments are made to the retained earnings account such that the liabilities are removed from the opening balances of the retained earnings and that such adjustments should be reflected in the fiscal period 2017/2018 financial statements of the RIA. We will make a follow up on the implementation of my position.

**1.1.5 Aeronautical Revenue – Throughput Fees Revenue**

**Observation**

1.1.5.1 Section 6.13.4 of the RIA’s Standard Operating Manual requires Flight Operations to record summarize and prepare consumption report at the end of each month on mileage for each aircraft that was fueled at the airport, so as to reflect the true value of throughput fees collected during the fiscal period. Throughput fee was introduced in 2006 at a rate of 0.01 per gallon. The fee per gallon was increased from 0.01 cents to 0.03 cents per gallon in 2008.

1.1.5.2 During the conduct of the audit, we observed that the Management of RIA did not prepare consumption report at the end of each month on mileage for each aircraft that fuels at the airport. The calculations of throughput fees reported in the financial statements in the amount of $223,641.00 in 2016 and US$ 126,582.00 in 2017 were based on figures reported by TOTAL Liberia.
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Risk
1.1.5.3 The accuracy of the throughput revenue could be in doubt in the absence of an official report from the flight operations of the RIA.

Recommendation
1.1.5.4 The Management of RIA should provide justification for not providing the monthly consumption report for the basis of calculating throughput revenue.

Management Response
1.1.5.5 GAC auditors were informed of the complexities in monitoring of jet fuel being supplied to airlines at the airport and to UNMIL’s operations, which is largely military and are guarded by restrictions. We informed and provided copies of Delivery Notes well documented and signed as our basis for deriving our figures at the end of the month. Our figures are derived from the delivery tanker to the receiving terminal at the airport. These delivery notes are available for the auditors’ perusal again.

Auditor General’s Position
1.1.5.6 Section 6.13.4 of the RIA’s Standard Operating Manual is very clear on how to monitor and ensure that the throughput fees are accurately reported. Hence, we maintain our finding.

1.1.6 Procurement Plan
1.1.6.1 Section 40(1-2) of the PPC Act of 2005 amended restated in 2010 states “Procurement Planning (1) All Procuring Entities shall undertake procurement planning, with a view to achieving maximum value for public expenditure and the other objects of this Act. (2) For each fiscal year the Procurement Unit shall prepare a draft annual procurement plan for goods, works and services for use by the Procuring Entity in the Procuring Entity’s budgeting process. Upon budget approval, the Procurement Unit shall prepare an annual procurement plan for goods, works and services in accordance with the Procuring Entity’s approved programs and budget and furnish it to the Procurement Committee. “

1.1.6.2 During the conduct of the audit, it was observed that the RIA Management carried out procurement activities in the absence of an approved procurement plan.

Risk
1.1.6.3 In the absence of an approved procurement plan, the RIA Management could carry out discretionary purchase of goods and services which could undermine the achievement of undermine value for money.

Recommendation
1.1.6.4 The Management of RIA should provide justification for conducting procurement processes without an approved procurement plan.
Management Response

1.1.6.5 We acknowledge this finding and take note. As we informed and showed the GAC Auditors, we had a Procurement Plan that was presented to the Board of Directors of LAA for their perusal and approval for onward submission to PPCC for concurrence; but the budget was still in board room up to the expiration of the fiscal year. Nevertheless, all major concessions and works that took place during the auditing period were submitted and went through the PPCA process and the documents and plans were made available to the GAC auditors.

Auditor General’s Position

1.1.6.6 The assertions made by the RIA Management do not address the issue raised by the GAC. However, Section 24(1) of the PFM Act of 2009 requires that all purchases of goods and services from suppliers, including capital investments, shall comply with the provisions prescribed in the PPC Act of 2005 as amended and restated in 2010.

1.1.6.7 The RIA Management, considering the nature of its operations, should engage the Management of the PPCC to see how Section 24 of the PPC Act of 2005 as amended and restated in 2010 can be applied to its procurement activities.

1.1.7 Board Related Expenses

Observation

1.1.7.1 Article 90 (a) of the Constitution of Liberia states that, “no person, whether elected or appointed to any public office, shall engage in any other activity which shall be against public policy, or constitute conflict of interest.

1.1.7.2 b) No person holding office shall demand and receive any other perquisites, emoluments or benefits, directly or indirectly, on account of any duty required by Government.”

1.1.7.3 During the conduct of the audit, it was observed that the statutory members and appointed officials of government were receiving board fees amounting to US$76,911.42 while receiving their regular salaries and benefits from government.

Risk

1.1.7.4 Receiving double compensation from Government of Liberia is a violation of the 1986 constitution which could lead to misapplication of the entity’s resources. See Table 4.

Table 4

<table>
<thead>
<tr>
<th>Name</th>
<th>2016 US $ (A)</th>
<th>2017 US $ (B)</th>
<th>Total US$ (C=A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wil Balko Freeman</td>
<td>13,260.60</td>
<td>7,956.36</td>
<td>21,216.96</td>
</tr>
<tr>
<td>Gyude W. Moore</td>
<td>13,260.60</td>
<td>6,630.24</td>
<td>19,890.84</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Name</th>
<th>2016 US $ (A)</th>
<th>2017 US $ (B)</th>
<th>Total US$ (C=A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Wlue</td>
<td>-</td>
<td>6,630.30</td>
<td>6,630.30</td>
</tr>
<tr>
<td>Angela Cassel-Bush</td>
<td>7,956.36</td>
<td>-</td>
<td>7,956.36</td>
</tr>
<tr>
<td>Gibson K. Sackor</td>
<td>13,260.60</td>
<td>7,956.36</td>
<td>21,216.96</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>76,911.42</strong></td>
</tr>
</tbody>
</table>

**Recommendation**
1.1.7.5 The RIA Management should provide justification for making such payments.

**Management Response**
1.1.7.6 We acknowledge and take note. We are also hoping GAC will assist us in this regard by sending out regular circulars beginning every fiscal year to all Board of Directors reminding them and the consequence thereof.

**Auditor General’s Position**
1.1.7.7 We acknowledge Management’s acceptance of our finding. However, we believe that the RIA Management should adhere to 90(b) of the 1986 Constitution of the Republic of Liberia.

1.1.8 Withholding Taxes
1.1.8.1 Section 905 of the Revenue Code of Liberia Act of 2000 as amended and restated in 2011 entitled ‘withholding of Tax on Payments to Residents’ states that “(a) Payments. A person listed in this subsection who makes a payment of the kind specified in this section is required to withhold tax at the rate specified in this section. The payer is treated as a withholding agent for all purposes of this Code. This subsection applies to the following types of persons:

   (1) A resident legal or natural person;

   (2) A nonresident with a branch in Liberia or doing business in Liberia;

   (3) A government agency; or

   (4) Unless expressly exempted by international agreement or treaty, a nongovernmental organization operating in Liberia or a diplomatic mission to Liberia.

1.1.8.2 Additionally, section (f) 1 on the Revenue Code of Liberia Act of 2000 amended and restated in 2009 states that “If a payer makes a payment to a resident for services rendered, and the services are not the subject of a contract of employment, the payer is required to withhold tax at the rate of 10 percent of the amount of the payment.”
During the conduct of the audit, it was observed that the Management of RIA expended the amount of USD 430,379.00 in 2016 and USD $ 390,352.00 in 2017 for consultancy services without evidence of withholding and subsequently paying taxes to the Government of Liberia.

**Risk**

Failure to deduct and subsequently remit taxes could deprive the Government of Liberia of much needed resources.

**Recommendation**

The Management of RIA should provide justification for not withholding and subsequently remitting the required amount of taxes to the Government of Liberia.

**Management Response**

We take note and will take the necessary actions in future transactions.

**Auditor General’s Position**

We acknowledge Management’s acceptance of our finding. However, the RIA Management should work with the Liberia Revenue Authority (LRA) Management to resolve the withholding tax issue.

### 1.2 Governance Issues

#### 1.2.1 The Absence of an Approved Organization Chart

During the conduct of the audit, it was observed that the organization chart currently being used by the Management of RIA had not being approved by the Board of Director.

**Risk**

The absence of an approved organizational chart could lead to confusion into the dispensation of duties, authority and responsibilities at the expense of the entity.

**Recommendation**

The Board of Directors should review, standardize and approve the organizational chart of the RIA to define responsibilities and authority in the entity.
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Management Response
1.2.1.5 We acknowledge these findings and recommendations

Auditor General’s Position
1.2.1.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.2 Internal Audit Charter
1.2.2.1 Section 1010 of the International Standards for the Professional Practice of Internal Auditing states that, “The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.”

1.2.2.2 Section 1100 of the International Standards for the Professional Practice of Internal Auditing states “The internal audit activity must be independent, and internal auditors must be objective in performing their work. Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board.”

1.2.2.3 During the conduct of the audit, there was no evidence of an internal audit charter approved by the Board of Director to ensure the independence of the internal auditor at the RIA.

Risk
1.2.2.4 In the absence of an approved internal audit charter, the independence and objectivity of the department could be impaired.

Recommendation
1.2.2.5 The Board of Directors should ensure that the internal audit charter be approved to ensure that internal auditors perform that duties void of influence.

Management Response
1.2.2.6 We acknowledge these findings and recommendations. We now have with us the IAA which we hope will mitigate all these shortfalls.
1.2.2.7 Auditor General’s Position
We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.3 The Absence of an Audit Committee
1.2.3.1 Section K.10 of the Public Finance Regulations for PFM Act of 2009 states’ Establishment of Audit Committee A Head of government agency or government organization shall in consultation with the Internal Audit Governance Board establish and maintain an audit committee for the government agency or organization for which he/she is responsible.”

1.2.3.2 During the conduct of the audit, it was observed that there was no audit committee on the board to regulate the internal audit department.

1.2.3.3 Risk
The absence of Audit Committee on the Board of Directors could undermine internal audit functions.

1.2.3.4 Recommendation
The Board of Directors of the Roberts International Airport should establish an Audit Committee for proper oversight as required by Regulations K.10 - K. 13, of the Public Finance Regulations for PFM Act of 2009.

1.2.3.5 Management Response
We acknowledge these findings and recommendations. With the restructuring of the Board of Directors and the present of IAA, we are hopeful to settle this one and for all.

1.2.3.6 Auditor General’s Position
We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.4 IT Security Policy
1.2.4.1 According to DS5 of CoBit 4.1: The need to maintain the integrity of information and protect IT assets requires a security management process, This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

1.2.4.2 During the conduct of the audit, it was observed that there was no evidence of an approved IT security policy to maintain the integrity of information and identified security weaknesses. In addition, our review revealed that RIA employee’s passwords do not have defined period to expire.
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Risk
1.2.4.3 In the absence of an approved IT security policy, increases the risk of inappropriate working practices being adopted and loss of integrity.

Recommendation
1.2.4.4 We recommend that the management of RIA should develop an approved and appropriate IT security policy to control and safeguard the physical hardware, data processes, documentation and personnel.

Management Response
1.2.4.5 We acknowledge and take note.

Auditor General’s Position
1.2.4.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.5 Physical Access Policy
1.2.5.1 DS 12.3 of Cobit 4.1 states that the entities should define and implement procedures to grant, limit and revoke access to premises, buildings and areas according to business needs, including emergencies. Access to premises, buildings and areas should be justified, authorized, logged and monitored. This should apply to all persons entering the premises, including staff, temporary staff, clients, vendors, visitors or any other third party.

1.2.5.2 During the conduct the audit, we observed that the management of RIA does not have any policy in place to cover physical access to the IT facilities.

Risk
1.2.5.3 Unauthorized access to IT environments could result in damages to hardware, theft and other IT related facilities.

Recommendation
1.2.5.4 We recommend that the management of RIA put in place a policy to cover physical access.

Management Response
1.2.5.5 We acknowledge and take note.

Auditor General’s Position
1.2.5.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.
1.2.6  **IT Risk Register**

1.2.6.1 PO9 of Cobit 4.1 provides for a risk management framework is created and maintained. The framework documents a common and agreed-upon level of IT risks, mitigation strategies and residual risks. Any potential impact on the goals of the organization caused by an unplanned event is identified, analyzed and assessed. Risk mitigation strategies are adopted to minimize residual risk to an accepted level. The result of the assessment is understandable to the stakeholders and expressed in financial terms, to enable stakeholders to align risk to an acceptable level of tolerance.

1.2.6.2 During our review, we observed that the management of RIA does not have a risk register. Risk register is an important component of the overall risk management framework. It is used to identify, assess, and manage risks down to acceptable levels through a review and updating process. The purpose of a risk register is to record the details of all risks that have been identified along with their analysis and plans for how those risks will be treated.

**Risk**

1.2.6.3 Failure to maintain a risk register could lead to proper controls not being put in place to address the potential threats and to also identify vulnerabilities.

**Recommendation**

1.2.6.4 We recommend that the management of RIA should establish a risk management framework which should include a risk register. This will enable management to identify vulnerabilities and put in place controls to address them.

**Management Response**

1.2.6.5 *We acknowledge these findings and recommendations. Notwithstanding, we have established a risk assessment department which will form the basis of formulating an IT Risk Register by end of term.*

**Auditor General’s Position**

1.2.6.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.7  **IT Strategy Committee and IT Steering Committee**

**Observation**

1.2.7.1 COBIT 4.1 PO 4.2 requires entities to establish an IT strategy committee at the board level. This committee should ensure that IT governance, as part of enterprise governance, is adequately addressed; advised on strategic direction, and review major investment on behalf of the full board.
1.2.7.2 COBIT 4.1 PO 4.3 requires the establishment of IT steering committee (or equivalent) composed of executive, business and IT management to:
- Determine prioritization of IT enabled investment programmes in line with the enterprise’s business strategy and priorities.
- Track status of projects and resolve resource conflict.
- Monitor service level and service improvement.

1.2.7.3 During the conduct of the audit, it was observed that RIA does not have an IT Strategy Committee and an IT Steering Committee in place to handle the governance of IT at the entity. The above committees are important in the management of IT resources.

Risk
1.2.7.4 The non-establishment of an IT strategic committee at the board level could result in IT governance, as part of the enterprise governance and organizational governance may not be adequately managed and adhere to.

Recommendation
1.2.7.5 We recommend that RIA establishes an IT Strategy Committee and an IT Steering Committee to ensure the proper governance of IT resources.

Management Response
1.2.7.6 We acknowledge and take note.

Auditor General’s Position
1.2.7.7 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.

1.2.8 IT Continuity plans
1.2.8.1 DS 4.2 of CoBit 4.1, Develop IT continuity plans based on the framework and designed to reduce the impact of a major disruption on key business functions and processes. The plans should be based on risk understanding of potential business impacts and address requirements for resilience, alternative processing and recovery capability of all critical IT services. They should also cover usage guidelines, roles and responsibilities, procedures, communication processes, and the testing approach.

1.2.8.2 During our review of the RIA IT system, we observed that there was no evidence of an IT Continuity Plan (Disaster Recovery Plan and Business Continuity Plan) by RIA Management to help recover transactions data and to ensure business processing and recovery capability.
Risk
1.2.8.3 The failure to establish IT Continuity Plan may result in complete loss of transactions data and information in a situation where the impact of a major disruption on key business functions and processes occur.

Recommendation
1.2.8.4 The Management of RIA must establish an IT Continuity Plan (Disaster Recovery Plan and Business Continuity Plan) as part of their risk management strategy to mitigate the impact of a major disruption on key business functions and recovery capability of all critical IT services.

Management Response
1.2.8.5 *We acknowledge and take note.*

Auditor General’s Position
1.2.8.6 We acknowledge Management’s acceptance of our finding. We will make a follow up on the implementation of the finding.