



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On the Operations and Financial transactions of
the Liberia Opportunities Industrialization Center
(LOIC)**

For the Fiscal Year ended June 30, 2018

January 2021

**Yusador S. Gaye, CPA, CGMA
Auditor General, R. L.**

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Acronyms Used

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
BfW	Bread for the World
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
EED	Evangelisches Werk Fur Diakonic Und Entwicklung e.v.
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
IPSASs	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
L\$	Liberian Dollars
LOIC	Liberia Opportunities Industrialization Center
M&E	Monitoring and Evaluation
MFDP	Ministry of Finance & Development Planning
ML	Management Letter
MYS	Ministry of Youth and Sports
N/S	Not Stated
OICI	Opportunities Industrialization Center International
PFM	Act Public Financial Management Act
PPCA	Public Procurement and Concessions Act
PPCC	Public Procurement and Concessions Commission
RL	Republic of Liberia
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
US\$	United States Dollar

Republic of Liberia



The Honorable Speaker of the House of Representatives, and the President Pro-Tempore of the House of Senate:

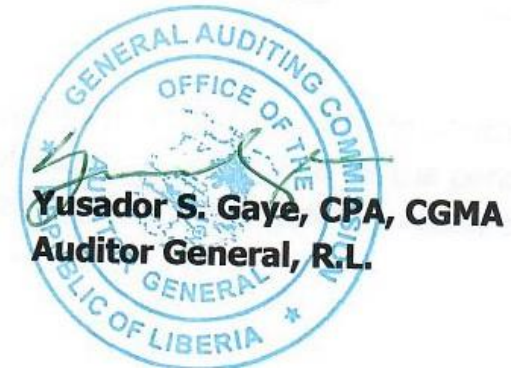
We have undertaken the Compliance audit on the operations and financial transactions of the Liberia Opportunities Industrialization Center (LOIC) for the Fiscal Year ended June 30, 2018. The audit was conducted under the Auditor General's statutory mandate, as provided for under section 2.1.3 of the GAC Act of 2014.

Findings conveyed in this report have been formally communicated to the Management of the Liberia Opportunities Industrialization Center (LOIC). Where responses have been provided by the Management on the audit findings, these have been evaluated and incorporated in this report. We encourage you to pay particular attention to the following:

- The Entity was given an Adverse Opinion - An adverse opinion is the type of modified audit opinion that expresses that all-sufficient and appropriate audit evidence were received and Auditor concluded that there are material misstatements found. The Auditor also draws the conclusion that those material misstatements are pervasive to all financial statements. The misstatements are pervasive when that misstatement materially affects other items or transactions in financial statements/or transactions and lead to users who use the financial statements to make an incorrect decision.
- Management paid US\$73,616.55 and L\$320,206.50 respectively to vendors for the purchase of goods and services but there was no evidence that Management use the required procurement methods.
- Management paid the total of US\$28,629.10 and L\$ 320,206.05 respectively for Goods and services without evidence of Goods Received Notes (GRN).
- Management paid US\$11,500.00 for the purchase of goods and services without any evidence of tax clearances or business registration certificates.
- Thirty-four (34) staff and employees of the LOIC received salary advances totaling L\$ 57,425.00 against their salaries but there was no evidence that the advances were repaid.

- Sixteen (16) bulk payments for net salary totaling US\$197,098.00 were made in the name of single staffs instead of making the payments in the name of individual employees

Given the significance of the matters raise in this report, we urge the Hon. Speaker and the Members of the House of Representatives and Hon. Pro-Tempore and Members of the Liberian Senate to consider the implementation of the recommendations conveyed herein with urgency.



Monrovia, Liberia

January 2021

Compliance Audit Report on the Operations and financial transactions of the Liberia Opportunities Industrialization Center (LOIC) for the fiscal year ended June 30, 2018.

We have audited the operations and financial transactions of the Liberia Opportunities Industrialization Center (LOIC), in compliance with relevant laws and regulations for the period ended June 30, 2018 consistent with the Auditor General's mandate as provided for under Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Adverse Conclusion

Based on the audit work performed, we found that, because of the significance of the matters noted in the Basis for Adverse Conclusion Paragraphs below, the operations and financial transactions of the Liberia Opportunities Industrialization Center (LOIC) are not in compliance with stated laws and regulations for the fiscal year ended June 30, 2018.

Basis for Adverse Conclusion

We identified multiple issues of significant materiality that affect the operations of the Liberia Opportunities Industrialization Center (LOIC). These issues can be categorized as follows:

Management paid US\$73,616.55 and L\$320,206.50 respectively to vendors for the purchase of goods and services but there was no evidence that Management used the required procurement methods.

Management paid the total of US\$28,629.10 and L\$ 320,206.05 respectively for Goods and services without evidence of Goods Received Notes (GRN).

Management paid US\$11,500.00 for the purchase of goods and services without any evidence of tax clearances or business registration certificates to support the tax payment records and legal status of the individual entities with which the LOIC transacted business.

Thirty-four (34) staff and employees of the LOIC received salary advances totaling L\$ 57,425.00 against their salaries for the months of July, October and November 2017 but there was no evidence that the advances were repaid.

Sixteen (16) bulk payments for net salary totaling US\$197,098.00 were made in the name of single staff instead of making the payments in the name of individual employees.

Management's Responsibility

Management is responsible for the preparation of financial records in accordance with the terms of local agreement and stated laws and regulations.

The Management of the Liberia Opportunities Industrialization Center (LOIC) is also responsible for the preparation and presentation of these financial records in compliance with the approved Annual Budget for the fiscal period, the Public Financial Management Act of 2009, the Public Procurement and Concessions Act of 2005 as amended and Restated in 2010 and all their accompanying Regulations, the Revenue Code of Liberia Act of 2000 as amended in 2011, the International Public Sector Accounting Standards (IPSAS); and the Opportunities Industrialization Center Act of 1976 and the LOIC policies and procedures.

This audit was conducted on the basis or understanding that the LOIC Management has the responsibility to establish and maintain internal controls necessary to:

- Enable it undertake its contracts award, goods delivery, projects execution, evaluation and reporting in an effective and efficient manner as well as the preparation of documentation on the procurement that are free from material misstatements whether due to fraud or error and in compliance with authorities that govern them;
- Provide reasonable assurance that adopted policies and prescribed procedures are adhered to and errors and irregularities, including fraud and illegal acts are prevented or detected; and to provide us with access to the following;
- All information of which the LOIC Management is aware of that is relevant to its contracts award, goods delivery, projects execution, evaluation and reporting as well as their related documentation;
- Any additional information that we may request from Management for the purposes of the review; and unrestricted access to persons within the LOIC Management from whom we determine it necessary to obtain review evidence.

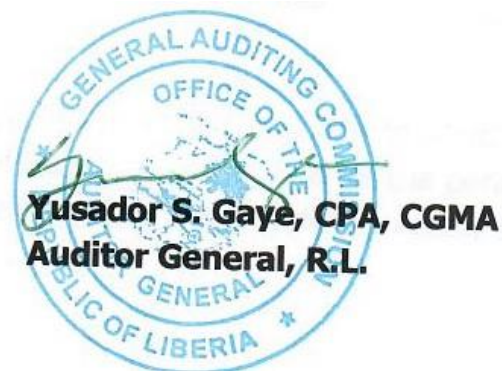
Auditor's Responsibility

Our responsibility is to independently express a conclusion on the financial records of the Liberia Opportunities Industrialization Center (LOIC) based on our audit. Our audit was conducted in accordance with the International Standard of Supreme Audit Institutions (ISSAIs) 4000, Fundamental Auditing Principles (FAP) and Guidelines for Compliance Audit (GCA). Those principles require that we comply with ethical requirements and plan and perform the audit so as to obtain reasonable assurance as to whether the use of funds by the LOIC Management are in compliance, in all material respects, with stated laws and regulations for the fiscal year ended June 30, 2018.

An audit involves performing procedures to obtain sufficient appropriate evidence to support our conclusion. The procedures performed depend on the auditor's professional judgment, including assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those we believe are appropriate in the circumstances. We believe that the audit evidence gathered is sufficient and appropriate to provide the basis for our conclusion.

Monrovia, Liberia

January 2021



BACKGROUND

Background of the Liberia Opportunities Industrialization Center (LOIC) Audit

The audit of the Liberia Opportunities Industrialization Center (LOIC) was commissioned for the Fiscal Year July 1, 2017 to June 30, 2018 consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

The Liberia Opportunities Industrialization Center (LOIC) was created by an Act of the Liberia National Legislature of 1976 and published in 1979. This was followed by a Memorandum of Agreement and Memorandum of Understanding between the Governments of the Republic of Liberia, then represented by the Ministry of Labour, Youth and Sports, and the Opportunities Industrialization Center International (OICI) represented by its Chairman of the Board of Directors Dr. Leon C. Sullivan.

According to the Memorandum of Understanding between the Government of Liberia (GOL) and the OICI, the two parties agreed that OICI and GOL jointly finance the LOIC. Further, it was mutually understood and agreed that OICI will provide all necessary equipment for the operation of the Center including technical staff for a period of five (5) years beginning 1977 to 1981. The Government also promised and agreed to take over the entire operations of the LOIC at the termination of the five (5) years period.

The overall objectives of the institution include:

1. To integrate and co-ordinate its activities with existing man-power training programs in Liberia and
2. Initiate other programs in keeping with the manpower needs of the Liberia.

Management Personnel

The Liberia Opportunities Industrialization (LOIC) has the following personnel who handled the administrative and financial affairs of the institution for the period under audit.

Table: 1 Key Management Personnel of the LOIC

#	Name	Title / Position Held	Period
1.	Mr. Solomon D. King, Sr.	National Executive Director	2010 – 2017
2.	Madam Marie Kolenky	Deputy/ National Executive Director	2012 – Present
3.	Mr. Ellis I. S. Kiazolu, Sr.	Director of Finance	2000 – present
4.	Mr. Samuel K. Baker, Sr.	Deputy Director of Finance	June 2005 – Present
5.	Mr. Daniel C. Gayedyu	Internal Auditor	October 2004 - Present
6.	Mr. Wilson G. Moore	Procurement Officer	1997 – Present
7.	Mr. Preston P. Jackson	Personnel Director	June 2006 – Present
8	J. Clarence Blapooh	Program Officer	May 1976 – Present

The subject matter of the compliance audit:

A Compliance audit on the Operations and financial transactions of the Liberia Opportunities Industrialization for the period ended 30 June 2018.

Audit Scope

The scope of the audit covered the period from July 1, 2017 to June 30, 2018.

Objectives of the Audit

The main objective of the audit is to gather sufficient appropriate audit evidence to conclude whether the operations and financial transactions of the Liberia Opportunities Industrialization for the period July 1, 2017 to June 30, 2018 are in compliance, in all material respects with policies, procedures, applicable laws, regulations, and are free of material errors.

Audit Criteria

The following criteria were used:

- Regulation P.10 (c) of the PFM Act of 2009
- PART V Section 46 (1 & 3) of the Amended and Restated Public Procurement and Concessions Act of 2010
- Regulation P.12 of the PFM Act of 2009
- Section 50 (i) of the Revenue Code of 2000 as amended in 2011
- Section 2104 (a) (1-3) of the Revenue Code of 2000 as amended in 2011
- Section 806.e of the 2011 Amended Revenue Code of Liberia states
- Section 905 (a) of the Revenue Code of Liberia Act of 2000 as amended in 2011
- Regulation T.10 (1) of the PFM Act of 2009
- Regulation B.28 of the PFM Act of 2009
- Memorandum of Understanding of 1977 between the Government of Liberia and the OICI
- Act to Incorporate the Liberia Opportunities Industrialization Center (LOIC) of 1976
- Regulation V.3 (1-2) of the PFM Act of 2009
- Regulation A.5 of the PFM Act of 2009
- Regulation D.16.1 of the PFM Act of 2009
- Regulation K.10 of PFM Act of 2009
- Committee of Sponsoring Organizations of the Tread way Commission,
- COSO Internal Control Framework on Control Environment,

Audit Methodology

We performed our audit based on review of contract documents, specification, financial records and payment vouchers related to the period under audit, interviewing LOIC staff as well as physical verification of Assets and personnel. The audit criteria were applied to each procurement sample selected. We have documented the findings and given to management for comments.

The audit was conducted in accordance with ISSAI 4000 and INTOSAI's International Standards for Compliance Audit. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the LOIC Management complied with laws and regulations.

Our audit also took cognizance of the requirements under the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014. Our audit approach included observation, inquiries, inspections, confirmation, and analytical procedures on areas we considered as high risk.

Limitation of Responsibility

We reviewed the activities and systems on the operations and financial transactions of the Liberia Opportunities Industrialization (LOIC) only to the extent we considered necessary for the effective conduct of this audit. As a result, our review may not have detected all weaknesses that existed or all improvements that could be made.

1 DETAILED FINDING AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Non-competitive Procurement of Goods and Services

Observation

- 1.1.1.1 Regulation P.10 (c) of the PFM Act of 2009 requires that any public officer, including a Minister and head of any government institution, commission, board who signs a voucher, a check, a document or record pertaining to accounts shall ensure that the procurement method used is in line with the provisions of the Public Procurement and Concessions Act (2005).
- 1.1.1.2 PART V Section 46 (1 & 3) of the Amended and Restated Public Procurement and Concessions Act of 2010 states that "(1) Public procurement shall be undertaken by means of advertised open bid proceedings, to which equal access shall be provided to all eligible and qualified bidders without discrimination, subject only to the exceptions provided under this Part for particular methods of procurement and (3) Procuring Entities may use only those methods of procurement authorized by this Act. If a Procuring Entity uses a method of procurement other than advertised open competitive bidding, it shall note in the record of the procurement proceedings the grounds for the choice of the procurement method."
- 1.1.1.3 It was observed during the conduct of audit that Management paid US\$73,616.55 and L\$320,206.50 respectively to vendors for the purchase of goods and services but there was no evidence that Management use the required procurement methods. **See Table 1 Below for details:**

Table 1: Purchases carried out without the required Procurement Methods

Date	Vendor/Payee	Descriptions	Vou.#	CK. #	Amount US\$	Amount L\$
Jul. 8, 2017	Blessed Uniking Auto Parts	Payment to Blessed Uniking Auto Parts to recondition Land Cruiser 1& 2 vehicle	6269	00356740	4,191.00	
Jul. 19, 2017	Super Petroleum	Payment for LOIC- BFW Programs (Gbarnga & Sinje satellite) fuel and gasoline	6263	00356736S	4,191.40	
Jul. 24, 2017	Vishnu Trading INC.	Payment for Gbarnga and Sinje satellite Training materials on account.	6271	00356742	14,689.00	
Dec.11, 2017	Super petroleum	Payment for LOIC National Office, Monrovia Program, Buchanan, Gbarnga, and Sinje satellite fuel and	6360	00011397	10,290.65	

Date	Vendor/Payee	Descriptions	Vou.#	CK. #	Amount US\$	Amount L\$
		gasoline				
Dec. 20, 2017	Building materials Center	Payment for Monrovia program, Buchanan, Gbarnga, and Sinje satellite Training materials	6951	00011400	32,850.00	
Jan. 8, 2018	Blessed Uniking Auto Parts	Payment for LOIC vehicle servicing A-611910 Toyota tundra, Toyota Prado A-610646	6954	000934852	3,404.50	
Jun. 21, 2018	NARDA	Payment For developing New strategy plan for LOIC by it partner	7151	00215269	4,000.00	
Apr. 6, 2018	Super Petroleum	Payment for LOIC National office, Monrovia Program, Buchanan satellite, Gbarnga satellite, and Sinje satellite fuel	6926	00020551		320,206.50
Total					73,616.55	320,206.50

Risk

- 1.1.1.4 Failure to use the required procurement method could lead to the awarding of contracts to non-deserving contractors and deny the non-achievement of value for money.

Recommendation

- 1.1.1.5 Management should provide substantive justification backed by material evidence for not applying the required procurement methods.

Management's Response

- 1.1.1.6 *There is a gentleman agreement between LOIC and Blessed Uniking Auto Parts to repair LOIC vehicles.*
- 1.1.1.7 *Prices for petroleum products are regulated by the Government of Liberia for uniformed pricing.*
- 1.1.1.8 *The remittance from the Donor (Bread for the World) was delayed due to the Cyber-attack; training had to be continuing, though training materials were needed. This Vendor (Vishnu Trading Inc.) agreed to supply the needed training materials on credit.*
- 1.1.1.9 *Management admits that it did not strictly adhere to the PPCC provision; however, as indicated by the communication (dated January 2015), the LOIC due to constrains faced by the Organization relative the purchase of needed training materials maintained the Purchase Agreement (dated 15th of December 2017 to 14th December 2018) with the Building Materials Center for the supply of skills training materials. See copies attached.*

1.1.1.10 *The five years Strategic Plan is a specialized document produced by knowledgeable individuals trained in the production of such a document (Strategic plan). NARDA is our partner that offered to do the Strategic Plan for LOIC at a minimum cost as part of its contribution to the entity.*

Auditor General's Position

1.1.1.11 Management did not address the issue raise; we therefore maintain our finding. The use of a standing purchase agreement between LOIC and Building Material Center as a basis for procuring goods and services is not materially supported. Each fiscal year stands alone and there should be an annual procurement plan that is approved by the PCC.

1.1.1.12 Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 and PART V Section 46 (1 & 3) of the Amended and Restated Public Procurement and Concessions Act of 2010.

1.1.2 Goods Received Notes

Observation

1.1.2.1 Regulation P.12 of the PFM Act of 2009 states that "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, good 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."

1.1.2.2 It was observed during the conduct of the audit that Management paid the total of US\$28,629.10 and L\$ 320,206.05 respectively for Goods and services without evidence of Goods Received Notes (GRN). **See table 2 below for details:**

Table 2: Payments vouchers without of Good Received Notes

Date	Descriptions	Payee	Vou. #	Ck. #	Amount US\$	Amount L\$
Jan. 24, 2017	Payment for LOIC Monrovia Program overall 80 suits for trainees	Vishnu Trading INC.	6365	00356826	1,200.00	
Jul.19, 2017	Payment for LOIC- BFW programs (Gbarnga & Sinje satellite Fuel and gasoline	Super Petroleum	6263	00356736	4,191.40	
Jul. 24, 2017	Payment for Gbarnga and Sinje Satellite local training materials	Kewon S. Cortee	6272	00356743	7,800.00	
Nov. 17, 2017	Payment for LOIC- National office, Monrovia Program, Buchanan, Gbarnga, & Sinje Satellites fuel	Super Petroleum	6049	00011391	5,147.05	

Date	Descriptions	Payee	Vou. #	Ck. #	Amount US\$	Amount L\$
Dec. 11, 2017	Payment for LOIC National Office, Monrovia Program, Buchanan satellite, Gbarnga satellite, and Sinje satellite fuel oil and gasoline	Super Petroleum	6360	00011397	10,290.65	
Apr. 6, 2018	Payment for LOIC National office Monrovia Program, Buchanan satellite, Gbarnga satellite, and Sinje satellite fuel	Super Petroleum	6926	00020551		320,206.50
Total					28,629.10	320,206.05

Risk

- 1.1.2.3 Receiving goods from vendors without the issuance of good receives notes could lead to fraud and value for money may not be achieved.

Recommendation

- 1.1.2.4 Management should provide substantive justification backed by material evidence for failing to provide good received notes (GRN) for goods received from vendors.

Management's Response

- 1.1.2.5 *There are Goods Received Notes (GRN) attached to the voucher for the payment to Vishnu Trade Inc. Please see attached.*
- 1.1.2.6 *We have acknowledged the findings and will adhere to audit recommendation.*
- 1.1.2.7 *Payments through Accountants for local purchases which include local materials (Accountants receive cash advances and make liquidation reports). Additionally, these are for materials purchased from several sellers at the respective Project areas who require cash payments.*

Auditor General's Position

- 1.1.2.8 We acknowledge Management's acceptance of our finding. Goods Received Notes (GRNs) should be attached as evidence that goods were received and not "attached to the voucher for the payment to Vishnu Trade Inc." as indicated.

Going forward Goods Receive Note should be attached to the voucher to indicate that the goods were received. We therefore maintain our finding

- 1.1.2.1 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.3 Transactions with Unregistered Businesses

Observation

- 1.1.3.1 Section 50 (i) of the Revenue Code of 2000 as amended in 2011 states that "The Minister may by regulation require persons who are in specified categories of taxable persons to obtain a tax clearance certificate from the Ministry."
- 1.1.3.2 Section 2104 (a) (1-3) of the Revenue Code of 2000 as amended in 2011 also states that "the fees for the following Services shall be as by regulation prescribed by the Minister of Commerce and Industry in consultation with the Minister and shall be assessed by the Minister of Commerce and Industry and paid regularly to the Minister for deposit into the account of Government:
- Administrative Fees (New Business)
 - (1) Sole proprietorship registration
 - (2) Partnership registration
 - (3) Corporation registration"
- 1.1.3.3 During the audit, it was observed that management paid US\$11,500.00 for the purchase of goods and services from vendors without any evidence of tax clearances or business registration certificates to support the tax payment records and legal status of the individual entities with which the LOIC transacted business. **See Table 3 Below for details:**

Table 3: Payments made to entities with No Business Registration and Tax Clearance

Date	Payee	Descriptions	Vou.#	Ck.#	Amount US\$
Jul. 19, 2017	BICON INC.	Payment for Bread for the world programs Audit Conducted	6259	00365732	5,000.00
Sept. 26, 2017	BICON INC.	Payment for 50% of Audit fees agreed upon with LOIC for Bread For the World	6297	00686417	1,250.00
Jan. 4, 2018	BICON INC.	Payment for Audit fees on account	6405	00868425	1,250.00
Jun. 21, 2018	NARDA	Payment for Developing new strategic plan for LOIC by it partner NARDA	7151	00215269	4,000.00
Total					11,500.00

Risk

- 1.1.3.4 Management transaction with unregistered businesses could deprive the GOL of needed revenue.

Recommendation

- 1.1.3.5 Management should provide substantive justification backed by material evidence for doing business with vendors without tax clearance and valid business registration certificate.

Management's Response

- 1.1.3.6 Find attached Business Registration certificates or Tax Clearances which were mistakenly not attached to the various payment vouchers. Please see attached.

Auditor General's Position

- 1.1.3.7 We acknowledge receipt of Business Registration certificates and Tax Clearances for entities provided during your responses; however, Management did not provide the business registration certificates and tax clearances for BICON and NARDA and we therefore maintain our finding.
- 1.1.3.8 Management is in breach of financial discipline in line with Section 50 (i) and Section 2104 (a) (1-3) of the Revenue Code of 2000 as amended in 2011.

1.1.4 Withholding Tax

Observation

- 1.1.4.1 Section 806.e of the 2011 Amended Revenue Code of Liberia states that "A payer who makes a payment to a nonresident for Liberian-source services rendered is required to withhold tax at the rate of 15 percent of the amount of the payment if payment is of a sort that, if made to a resident, would be includible in gross income under Section 201, including Board fees, management fees, commissions, and the like)".
- 1.1.4.2 Furthermore, Section 905 (a) of the Revenue Code of Liberia Act of 2000 as amended in 2011 also states that "a government agency that makes a payment to a resident in circumstances other than those described in subsections (a) through (i) is required to withhold a portion of the payment as specified in regulations, but not more than 4%."
- 1.1.4.3 It was observed that Management did not withhold and remit withholding taxes totaling US\$2,354.31 into GoL consolidated revenue account for goods and services procured from vendors. **See table 5 below for details:**

Table 5: Goods and Services paid for without deducting 4% & 2% Turnover Taxes

Date	Payee	Description	Vou. #	Check#	Amount US\$	Amount US\$ 4% Turnover Tax
Jul. 5, 2017	Vishnu Trading Inc.	Payment for Monrovia Program Training materials	6045	00011387	3,600.00	144.00
Jul. 24, 2017	Vishnu Trading Inc	Payment for Gbarnga and sinje satellite Training materials on account	6271	00356742	14,689.00	587.56
Nov. 17, 2017	Super Petroleum	Payment for fuel oil and gasoline for the LOIC-National office, Monrovia program, Buchanan,	6049	00011391s	5,147.05	102.94

Date	Payee	Description	Vou. #	Check#	Amount US\$	Amount US\$ 4% Turnover Tax
		Gbarnga, and Sinje satellites				
Dec.11, 2017	Super Petroleum	Payment for LOIC National office Monrovia Program, Buchanan satellite, Gbarnga and Sinje satellite fuel	6360	00011397	10,290.65	205.81
Dec.20,2017	Building Materials Center	Payment for LOIC Monrovia Program, Buchanan Gbarnga, and Sinje satellite Training materials	6951	00011400	32,850.00	1,314.00
Totals					66,576.70	2,354.31

Risk

- 1.1.4.4 Payment to vendors and service providers without the required withholding tax deduction could deprive the Government of Liberia of needed revenue.

Recommendation

- 1.1.4.5 The Management of LOIC should provide substantive justification for failing to deduct from its vendors and service providers withholding taxes in the amount of US\$2,354.31.

Management's Response

- 1.1.4.6 *Management acknowledges that the withholdings in reference were not done. REASONS: The Management is not aware of this regulation being practiced in Liberia. Our payments to vendors/suppliers are done per invoiced amount. As far as Management understands, the 4% turnover tax should be paid by the vendors/suppliers to the Government of Liberia.*

Auditor General's Position

- 1.1.4.7 We acknowledge Management's acceptance of our finding. We encourage Management as a legal governmental entity operating in Liberia and receiving Government's allocations to be familiarized with the Public Management laws and in particular Section 905 (a) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.1.4.8 Going forward, Management should withhold the applicable taxes and remit to the Liberia Revenue Authority in compliance with Liberia Revenue Code of 2000 as amended in 2011.
- 1.1.4.9 Therefore, Management is in breach of financial discipline in line with Section 806.e and Section 905 (a) of the Revenue Code of Liberia Act of 2000.

1.1.5 Reimbursement of Salary Advance

Observation

- 1.1.5.1 Regulation T.9 (1) of the PFM Act of 2009 requires that deductions from Salary (1) Recoveries from official salaries shall commence from the salary of the next complete month after the month in which the advance was made. (2) A head of government agency shall ensure that deductions made from salaries are paid directly into the Consolidated Fund unless otherwise stated in the agreement covering the advance.
- 1.1.5.2 Furthermore, Regulation T.10 (1) of the PFM Act of 2009 states that "The duty of the head of Government Agency to deduct advance recoveries from salary payments will not diminish the responsibility of a public officer, who has received an advance, to repay it according to the agreement and to report any failure to make deductions from salary when due."
- 1.1.5.3 It was observed during the conduct of the audit that 34 staff and employees of the LOIC received salary advances totaling L\$ 57,425.00 against their salaries for the months of July, October and November 2017. However, there was no evidence that the advances were repaid. Further the procedures for requesting and authorization, terms and conditions for repayment were not provided. **See table 6 below for details:**

Table 6: Salary Advances with no Evidence of Reimbursement

No.	Name	Position	Location	Months	Amount L\$
1	J. Orlando Dolo	Accountant	Buchanan Satellite	Oct- Nov	3,100.00
2	Matthew G. Boyee	Training Officer	Buchanan Satellite	Oct- Nov	5,000.00
3	Emmanuel Joe	Electricity Instructor	Buchanan Satellite	Oct- Nov	1,000.00
4	Alfred J. Howard	Masonry Instructor	Buchanan Satellite	Oct- Nov	3,500.00
5	Solomon S. Togar	Tailoring Instructor	Buchanan Satellite	Oct- Nov	2,000.00
6	Nyankpu S. Davis	Home Economics Instructor	Buchanan Satellite	Oct- Nov	3,000.00
7	Emmanuel D. Prout	Welding & Fabricant Instructor	Buchanan Satellite	Oct- Nov	3,000.00
8	Timothy S. Wreh Sr.	Job Developer	Buchanan Satellite	Oct- Nov	2,000.00
9	Konah S. Chesseeon Sir.	Head Counselor	Buchanan Satellite	Oct- Nov	4,000.00
10	Isaac Gbarweoin	Security Guard	Buchanan Satellite	Oct- Nov	1,000.00
11	Joetta Dehwee	Janitor	Buchanan Satellite	Oct- Nov	550.00.
12	Enoch S. Briggs	Job Developer	Monrovia Program	Oct- Nov	1, 280.00
13	Robert Goe	Training Instructor	Monrovia Program	Oct- Nov	1,285.00
14	Jimmy B. Dennis	Electricity Instructor	Monrovia Program	Oct- Nov	715.00
15	Isaac M. Kollie	Auto Mechanic Instructor	Monrovia Program	Oct- Nov	1,715.00
16	Teresa Kieh	Head Counselor	Monrovia Program	Oct- Nov	1,285.00
17	E. Marcus Ishmael	Counselor	Monrovia Program	Oct- Nov	1,430.00
18	Summ Jones Howard	Asst. Masonry Instructor	Monrovia Program	Oct- Nov	670.00
19	Robert Burphy	Plumbing Instructor	Monrovia Program	Oct- Nov	670.00
20	Sarah Merchant	First Aider	Monrovia Program	Oct -NOV	860.00
21	Robert Baryou	Security Guard	Monrovia Program	Oct - Nov	1,670.00

No.	Name	Position	Location	Months	Amount L\$
22	Matthew G. Boyee	Carpentry Instructor	Buchanan Satellite	July	2,500.00
23	S. Emmanuel Joe	Electricity Instructor	Buchanan Satellite	July	1,000.00
24	Alfred J. Howard	Masonry Instructor	Buchanan Satellite	July	2,000.00
25	Solomon S. Togar	Tailoring Instructor	Buchanan Satellite	July	1,000.00
26	Nyankpu S. Davis	Home Economics Instructor	Buchanan Satellite	July	1,750.00
27	Timothy S. Wreh Sr.	Job Developer	Buchanan Satellite	July	750.00
29	Konah S. Chesseeon	Head Counselor	Buchanan Satellite	July	5,000.00
30	Patrick P. Gartor	Counselor I	Buchanan Satellite	July	1,200.00
31	Joanna Parker	Counselor II	Buchanan Satellite	July	500.00
32	John Gweh	Warehouse clerk	Buchanan Satellite	July	1,325.00
33	Isaac Gbarweoin	Security Guard	Buchanan Satellite	July	1,500.00
34	Erasmus I David	Driver	Buchanan Satellite	July	2,000.00
Total					57,425.00

Risk

- 1.1.5.4 The failure by Management to deduct salary received in advanced may result to the Entity losing needed funds.

Recommendation

- 1.1.5.5 The Management of LOIC should provide substantive justification backed by material evidence for not deducting the salary advances granted to employees.
- 1.1.5.6 The Management of LOIC should also provide substantive justification backed by material evidence for not exercising proper control procedures for salary advances to employees.

Management's Response

- 1.1.5.7 *There is a need for clarification: Management deducted from each staff as indicated on table 6 above for July, October and November 2017 as payment against Salary Advances they received earlier. Receipt of Salary advances do not appear on the payroll, it is done by a written request from individual staff to Management for salary advance and a check is written in the name of the staff. When repayment is due, it is recorded on the payroll as deduction. As indicated as per table 6 above. **See attached Payroll as a sample.***

Auditor General's Position

- 1.1.5.8 We acknowledge Management's assertion; however the issue was not addressed. The payroll referred to is for the month of March 2017 which is three months (April, May and June 2017) prior to the months for which the advances were taken and according to Section T-9 of the PFM Regulations "Recoveries from official salaries shall commence from the salary of the next complete month after the month in which the advance was made.
- 1.1.5.1 Management should ensure that the outstanding salary advances are paid and going forward, the recoveries should be done in compliance with the law and policy. We maintain our finding. Management is therefore in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.6 Third Party Payments

Observation

- 1.1.6.1 Regulation B.28 of the PFM Act of 2009 states that "a payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment."
- 1.1.6.2 It was observed during the audit that sixteen (16) bulk payments for net salary totaling US\$197,098.00 were made in the name of single staffs instead of making the payments in the name of individual employees. **See Table 7 below for details:**

Table 7: Schedule of salaries paid in bulk in the names of single employee

No.	Date	Employee name	Description	Vou. #	Check #	Amount US\$
1	July 19, 2017	Asatu M. Massalay	Net Salary	6258	356731	22,057.00
2	July 19, 2017	Kewon S. Cortee	Net Salary	6257	356730	25,028.00
3	July 19, 2017	Samuel K. Barker	Net Salary	6256	356729	6,400.00
4	Dec. 6, 2017	Samuel K. Barker	Net Salary	6356	11393	10,443.00
5	Dec. 6, 2017	Samuel M. Garbla	Net Salary	6357	1139	2,569.00
6	Jan. 5, 2018	Samuel K. Barker	Net Salary	6412	868430	5,600.00
7	Jan. 5, 2018	Asatu M. Massalay	Net Salary	5411	868429	11,280.00
8	Jan. 5, 2018	Kewon S. Cortee	Net Salary	6410	86828	12,452.00
9	Jun. 13, 2018	Samuel K. Barker	Net Salary	6439	215257	12,000.00
10	Jun. 13, 2018	Kewon S. Cortee	Net Salary	6435	215252	18,109.00
11	Jun. 13, 2018	Asatu M. Massalay	Net Salary	6436	215253	13,955.00
12	Jun. 19, 2018	Kewon S. Cortee	Net Salary	6370	356831	5,577.00
13	Jun. 19, 2018	Asatu M. Massalay	Net Salary	6371	356832	5,521.00
14	Jun. 19, 2018	Samuel M. Garbla	Net Salary	6369	356830	16,489.00
15	Jun. 19, 2018	Samuel K. Barker	Net Salary	6367	356828	16,928.00
16	Jun. 19, 2018	Kewon S. Cortee	Net Salary	6368	356829	12,690.00
Total						197,098.00

Risk

- 1.1.6.3 Making payment intended for staff to another person without any written authorization could lead to diversion of the salaries and/ or misappropriation.

Recommendation

- 1.1.6.4 The LOIC management should provide substantive justification backed by material evidence for paying the salaries of staffs in the name of single individual rather than staff providing the service.

Management's Response

- 1.1.6.5 *LOIC's activities are project based and time bond. We find it very difficult to pay our staff through the banking system because it takes a lot of time and resources for all of the staff to run after their salaries as compared to one Finance Officer who will en-cash the check and pay the staff at a central point.*

Auditor General's Position

- 1.1.6.6 Management did not provide any evidence of a written authorization to permit the individuals to receive the salaries on behalf of the employees; therefore we maintain our finding. Management should ensure that all employees do written communication to authorize the disbursement of their salaries to anyone designated to receive the salaries.
- 1.1.6.7 Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.2 Governance Issues

1.2.1 Legal Title of Entity Undefined (Legislative Act vs. Articles of Incorporation)

Observation

- 1.2.1.1 Section 3 Count 3 of the Act to Incorporate the Liberia Opportunities Industrialization Center (LOIC) approved by the National Legislature of Liberia on July 6, 1976 and published on January 12, 1979 states that "To integrate and co-ordinate its activities with existing man-power training programs in Liberia, as well as to initiate other programs in keeping with the manpower needs of the country as reflected in the January 1977 Memoranda of Agreement and Understanding entered into between the Government of the Republic of Liberia, as represented by the Ministry of Labour, Youth and Sports, and the Opportunities Industrialization Center International (OICI) as represented by LOIC Board of Directors".
- 1.2.1.2 According to Counts 4 and 5 of the Memorandum of Understanding dated January 7, 1977 between the Government of Liberia and the OICI, the OICI and Government agreed that OICI and Government jointly finance OIC Liberia.
- 1.2.1.3 Further, it was mutually understood and agreed that OICI will provide all necessary equipment for the operation of the Center including technical staff for a period of five (5) years beginning 1977 – 1981. The Government also promised and agreed to take over the entire operations of OICI Liberia at the termination of the five (5) years period referred to above.
- 1.2.1.4 During the conduct of the audit, it was observed that the LOIC has another Articles of Incorporation dated January 3, 2007 with the Late Rev. Dr. Walter Richards as the Incorporator. However, there was no evidence of any repeal of the Act that created the LOIC in Liberia to support the action of incorporators. **See Exhibits 1, 2, 3 & 4 for details.**

Risk

- 1.2.1.5 The entity may lose its statutory title to individuals other than those prescribed by law.
- 1.2.1.6 The original objectives for the creation of the entity may be influenced and altered by individuals acting as incorporators.

- 1.2.1.7 The entity may not benefit from budgetary supports in the absence of a well-defined legal status.

Recommendation

- 1.2.1.8 The LOIC management should provide substantive justification backed by material evidence to support its action to re-incorporate the entity while the Act creating the entity is still in full force.

- 1.2.1.9 In the absence of any act to repeal the Act of 1976 which created the LOIC, the Management should revert to the original Act of 1976.

Management's Response

- 1.2.1.10 *It is a fact that the Act to Incorporate LOIC as non-for-profit corporation was approved by the National Legislature of Liberia on July 6, 1976 and published on January 12, 1979. However, due to the coming into being of several NGOs during post war period in Liberia, the Ministry of Foreign Affairs reinforced the regulation that all NGOs should be incorporated. This regulation constrained the Board of Directors of LOIC to incorporate the Entity under the signature of the Late Rev. Dr. Walter D. Richards (Chairman, LOIC Board of Directors) on January 3, 2007. Thus, the incorporation of the Entity under the signature of the then Chairman of the Board of Directors does not render LOIC as his private property.*

Auditor General's Position

- 1.2.1.11 Management's assertion is not materially supported. The LOIC Management should have gone to the National Legislature to repeal the 1976 Act before incorporating. Therefore, we maintain our finding and recommendation.

1.2.2 Unapproved Board Constitution and By-Laws

Observation

- 1.2.2.1 Section 5 of the Act to Incorporate the Liberia Opportunities Industrialization Center (LOIC) approved by the National Legislature of Liberia on July 6, 1976 and published on January 12, 1979 states that "The Liberia Opportunities Industrialization Center, is hereby vested with full power and authority to make and establish by-laws and regulations for its governance and to do all other acts and things done by similar bodies corporate as are not repugnant to the Constitution and Laws of the Republic".

- 1.2.2.2 During the audit, it was observed that the Board of Directors of the LOIC was operating without approved by-laws and constitution. Instead, the management presented copy of by-laws and constitution of April 27, 1989 which was not approved. **See Exhibit 1 & 6 for copies of the Act and by-laws for details.**

Risk

- 1.2.2.3 Running of the board could be left to the discretion of individual board members.

- 1.2.2.4 Board decisions may not be credible in the absence of any framework to govern the activities of its members.

Recommendation

- 1.2.2.5 The LOIC management should provide substantive justification backed by material evidence for operating a board without approved by-laws and Constitution to govern the activities of board members.

Management's Response

- 1.2.2.6 *By-laws and Constitution are not signed but the approval date of adoption/ approval and the names of the committee members are what are required. Example, the 1986 Constitution of Liberia bears nobody signature.*

Auditor General's Position

- 1.2.2.7 Management's assertion does not address the issue raised. Approval should be indicated by signature.
- 1.2.2.8 Management should therefore get the board to formally approve the By-laws and Constitution of the LOIC to make it valid.

1.2.3 Lands and other Properties not included on Fixed Asset Register

Observation

- 1.2.3.1 Regulation V.3 (1-2) of the PFM Act of 2009 states that "(1) The Head of government agency shall be responsible for maintaining a register of Lands and Buildings under his control or possession as prescribed by the General Services Agency Act. (2) The Register of Lands and Buildings shall record the mirrored details from the General Services Agency of each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease terms, maintenance contracts and other pertinent management details."
- 1.2.3.2 During the conduct of the audit, it was observed that Management did not have adequate controls in place to protect the entity's assets at its various satellite facilities as there was no evidence of policies for usage, safekeeping and periodic inspections.
- 1.2.3.3 It was further observed that the LOIC omitted the below listed properties on the list of fixed assets:
- 8 Acres of land in Zwedru, Grand Gedeh County
 - 5 Acres of land located adjacent to School of the Blind, R2, Paynesville Roberts Field Highway
 - Unspecified number of acres of land in Voinjama, Lofa County
 - A structure in Gbapolu County said to be placed in care of a lady not named by the by the LOIC Management. **See exhibit 5 for details of Fixed Asset Register.**

Risk

- 1.2.3.4 Fixed assets could be vulnerable to theft, losses, wastage and misuse.
- 1.2.3.5 Fixed assets may not be utilized in an effective, efficient, economical and transparent manner.

Recommendation

- 1.2.3.6 The LOIC Management should provide substantive justification backed by material evidence for not putting in place control system to protect the fixed assets.
- 1.2.3.7 Further, the LOIC management should work with the relevant agency of government to complete the processing of the legal title documents for the properties owned by the entity.

Management's Response

- 1.2.3.8 *We have acknowledged the findings and will adhere to audit recommendation*

Auditor General's Position

- 1.2.3.9 In reference to Management's letter dated 15 December 2018, the lands on the Roberts Field Airport (RIA) Highway with the missing deed should be included on the fixed asset listing since it is a deeded land and therefore a property of LOIC. Management should engage the National Center Document and Records (NCDR) to retrieve copy of the deed.
- 1.2.3.10 With respect to the lands in Voinjama, Gbarpolu and Zwedru, the LOIC Management should exert all efforts to have the deeds completed and probated within six (6) months after the issuance of this report to the National Legislature. Copies of the deeds should be submitted to the Office of the Auditor General for validation.
- 1.2.3.11 However, management is in breach of Regulation V (2-3) of the PFM Act of 2009.

1.3 Internal Controls Issues

1.3.1 Operating without Financial Manual

Observation

- 1.3.1.1 Regulation A.5 (1) of the PFM Act of 2009 states that "A head of government agency shall with the approval of the Minister issue an accounting manual to suit the operations and regulate the financial matters of the Government agency, indicating:
- The duties to be performed by specified officers,
 - The accounts to be kept and returns to be submitted, and
 - Such other instructions as may be required for the proper conduct of the financial matters of the Government agency."
- 1.3.1.2 During the audit, it was observed that the LOIC management did not have any accounting manual that would suit and regulate the financial activities at the entity.

Risk

1.3.1.3 Management may not be able to properly regulate the conduct of financial matters and account for funds at the entity.

1.3.1.4 Duties to be performed by account personnel could be left to the discretion of individual account officers.

Recommendation

1.3.1.5 Management of the LOIC should provide substantive justification backed by material evidence for conducting the financial affairs of the entity without an accounting manual.

1.3.1.6 The management should prepare an accounting manual approved by the relevant authority and present same to the office of the Auditor General for validation.

Management's Response

1.3.1.7 *We acknowledge this. Management realizes the need and necessity.*

Auditor General's Position

1.3.1.8 We acknowledge the acceptance of our audit finding and recommendation. We will make a follow up on the implementation of our audit recommendation during subsequent audit.

1.3.2 Fixed Assets not Recorded on Fixed Asset Register

Observation

1.3.2.1 Regulation V.4 (1-2) of the PFM Act of 2009 states that "Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency and (2) The master inventory shall record under each category of item:

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

1.3.2.2 During a physical verification of fixed assets belong to the LOIC for the Fiscal Year under audit; it was observed that fifty five (55) pieces of fixed assets were not included on the fixed asset register of the entity as required by the PFM. **See table 9 below for details:**

Table 9: Assets not included on the fixed asset register of the LOIC

Date	Descriptions	Assigned Unit/ Staff	Location	Internal Code	Amount US\$
N/A	One (1) piece Levono printer	Personnel Director office	National office	GOL/PD/E- 04	N/A
N/A	One(1) Lenovo Printer	Personnel Director office	National Office	GOL/PD/E- 03	N/A

Date	Descriptions	Assigned Unit/ Staff	Location	Internal Code	Amount US\$
N/A	One (1) Office Cabinet	Personnel Director Office	National Office	GOL/PD/F-06	N/A
N/A	One (1) Office cabinet	Personnel Director Office	National Office	GOL/PD/F-04	N/A
N/A	One (1) Office cabinet	Personnel Director Office	National Office	GOL/PD/F-05	N/A
N/A	One (1) Office cabinet	Personnel Director Office	National Office	GOL/PD/F-03	N/A
N/A	One (1) book shelf	Warehouse manager office	National Office	N/A	N/A
N/A	One (1) office Desk	Warehouse manager office	National Office	N/A	N/A
N/A	One (1) office chair	Executive Secretary office	National Office	GOL/FO/F-09	N/A
Nov. 24, 2015	One Piece 5kva generator	N/A	National Office	N/A	950.00
Nov. 24, 2015	One(1) piece Diesel generator	N/A	Buchanan Satellite	N/A	750.00
Sept. 14, 2015	Two (2) pieces Steel cutters	N/A	Buchanan Satellite	N/A	2, 543.00
Dec. 15, 2015	Thirty(30) pieces Sewing Machines	N/A	Monrovia program	N/A	4,500.00
Sept. 14, 2015	Seven(7) set Tool Kids M/S	N/A	Monrovia Program	N/A	5,600.00
N/A	One(1) Toyota Prado Jeep	National Executive Director	National Office	N/A	N/A
N/A	two (2) land Rover Jeep	N/A	National Office	N/A	N/A
N/A	One (1) Mitsubishi Pick-up	N/A		N/A	N/A
Dec. 21, 2015	One(1) piece Welding Machine	N/A	Buchanan Satellite	N/A	1,650.00

Risk

- 1.3.2.3 Fixed assets may be stolen or lost through fraud or errors.
- 1.3.2.4 Entity may not know the person/ location to which fixed assets are assigned.
- 1.3.2.5 The actual cost of fixed asset may not be readily available.

Recommendation

- 1.3.2.6 Management should provide substantive justification backed by material evidence for not including the fixed assets on the Fixed Asset Register.

Management's Response

- 1.3.2.7 *Fixed assets listed on table 9 without acquisition dates and amounts indicate that they have been fully depreciated. The Office Cabinets, book shelf, office desks and chairs have here since 1984. Regarding the equipment such as generators, Steel cutter, Sewing machines, Tool kids and welding machine, will be included on the asset register.*
- 1.3.2.8 *The vehicles – Toyota Prado Jeep, two (2) Land River Jeeps, Mitsubishi Pick-up were donated as used vehicles without values. Only the Toyota Prado is now in operation condition. We seek the Auditors' advice.*

Auditor General's Position

- 1.3.2.9 The failure by Management to record the donated vehicles on its asset register because they had no values is not materially supported. Fixed assets fully depreciated but still in use and have not been disposed of must be maintained on the books of the entity.
- 1.3.2.10 The generators, Steel cutter, Sewing machines, tool kids and welding machine should be placed back on the asset register.
- 1.3.2.11 Every fixed asset of the entity must be recorded taking into account other details such as date, serial numbers, names of assignees, condition, etc.
- 1.3.2.12 Management is in breach of financial discipline in line with Regulation V.4 (1-2) of the PFM Act of 2009

1.3.3 Budget Committee

Observation

- 1.3.3.1 PFM 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)".
- 1.3.3.2 During the audit, we observed that the LOIC Management did not establish a budget committee for the period under audit as required by the above Regulation.

Risk

- 1.3.3.3 The absence of a budget committee may lead to delay in the Commission's budget formulation, implementation, and monitoring.

Recommendation

- 1.3.3.4 Management should establish a Budget Committee to be responsible for budget formulation, implementation and the monitoring of the organization's activities.

Management's Response

- 1.3.3.5 *We acknowledge the findings and will implement audit recommendations*

Auditor General's Position

- 1.3.3.6 We acknowledge the acceptance of our audit finding and recommendation. We will make a follow up on the implementation of our audit recommendation during subsequent audit.

1.3.4 Audit Committee

Observation

- 1.3.4.1 Regulation K.10 PFM Act of 2009 states that "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 f

- 1.3.4.2 In addition, PFM Regulations K.11(1), of PFM Act 2009 (a) states that the Audit Committee of Government Agencies or Organizations shall review internal controls, including the scope of internal audit, internal audit Plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken.

- 1.3.4.3 During the period under audit, there was no evidence to indicate that Management established functioning audit Committee.

Risk

- 1.3.4.4 Failure by Management to establish functioning Audit Committee may prevent Management from taking timely corrective action on deficiencies identified in internal controls.

Recommendation

- 1.3.4.5 Management should establish a functioning Audit Committee as part of the Governance structures. This will enable Management to evaluate and ensure that internal controls are operating effectively and at all times.

Management's Response

- 1.3.4.6 *We have acknowledged the findings and will adhere to audit recommendations*

Auditor General's Position

- 1.3.4.7 We acknowledge the acceptance of our audit finding and recommendation. We will make a follow up on the implementation of our audit recommendation during subsequent audit.

1.3.5 No Evidence of Risk Assessment

Observation

- 1.3.5.1 According to the Committee of Sponsoring Organizations of the Tread way Commission, every entity faces a variety of risks from external and internal sources. Risk assessment

involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the entity are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed. A precondition to risk assessment is the establishment of objectives, linked at different levels of the entity. Management specifies objectives within categories relating to operations, reporting, and compliance with sufficient clarity to be able to identify and analyze risks to those objectives.

- 1.3.5.2 During the period under audit, there was no evidence that Management conducted risk assessment on the operations of the LOIC so as to recognize the risks the organization faced in achieving its objectives.

Risk

- 1.3.5.3 The absence of a documented risk assessment by the LOIC indicates that Management would not be able to identify and analyze risks the entity's faces.

Recommendation

- 1.3.5.4 The LOIC Management should ensure that it conducts risk assessment on the operations of the LOIC so that the impact of possible threats can be mitigated.

Management's Response

- 1.3.5.5 *We acknowledge the findings and will implement audit recommendations*

Auditor General's Position

- 1.3.5.6 We acknowledge the acceptance of our audit finding and recommendation. We will make a follow up on the implementation of our audit recommendation during subsequent audit.

1.3.6 Disaster Recovery Plan

Observation

- 1.3.6.1 According to COSO Internal Control Framework on Control Environment, the Management of an entity should develop a documented Disaster Recovery Plan to provide procedures to be followed in the event of a disaster. The plan would mitigate the loss of transaction data and information. The purpose of the plan is to minimize the effects of service interruption of the operations by specifying procedures to be followed in the event of a disaster or specific situation, especially measures to be put in place to minimize the effects of disasters.
- 1.3.6.2 During the audit we observed that there was no evidence that Management put in place a Disaster Recovery Plan to help recover transaction data and information in instances of disasters.

Risk

- 1.3.6.3 The lack of disaster recovery plan may lead to complete loss of transaction data and information in the event of disaster.

Recommendation

- 1.3.6.4 Management should develop a Disaster Recovery Plan as part of the entity's risk Management strategy. This would mitigate the risk of complete loss of transaction data and information in the event of a disaster.

Management's Response

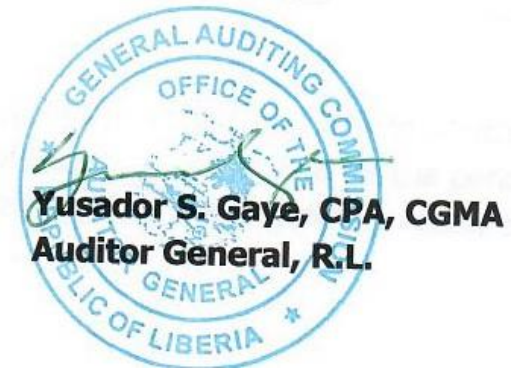
- 1.3.6.5 *We have acknowledged the findings and will adhere to audit recommendations 1.3.6.4. However, Management seeks Auditors' advice.*

Auditor General's Position

- 1.3.6.6 We acknowledge the acceptance of our audit finding and recommendation. We will make a follow up on the implementation of our audit recommendation during subsequent audit.

ACKNOWLEDGEMENT

- 1.4** We acknowledged the cooperation and assistance provided to the GAC Audit Team by the Management and staff of the Liberia Opportunities Industrialization Center during the audit. The efforts and commitment of the GAC staff in conducting the audit are also gratefully acknowledged.



Monrovia, Liberia
January 2021

EXHIBITS

Exhibit 1

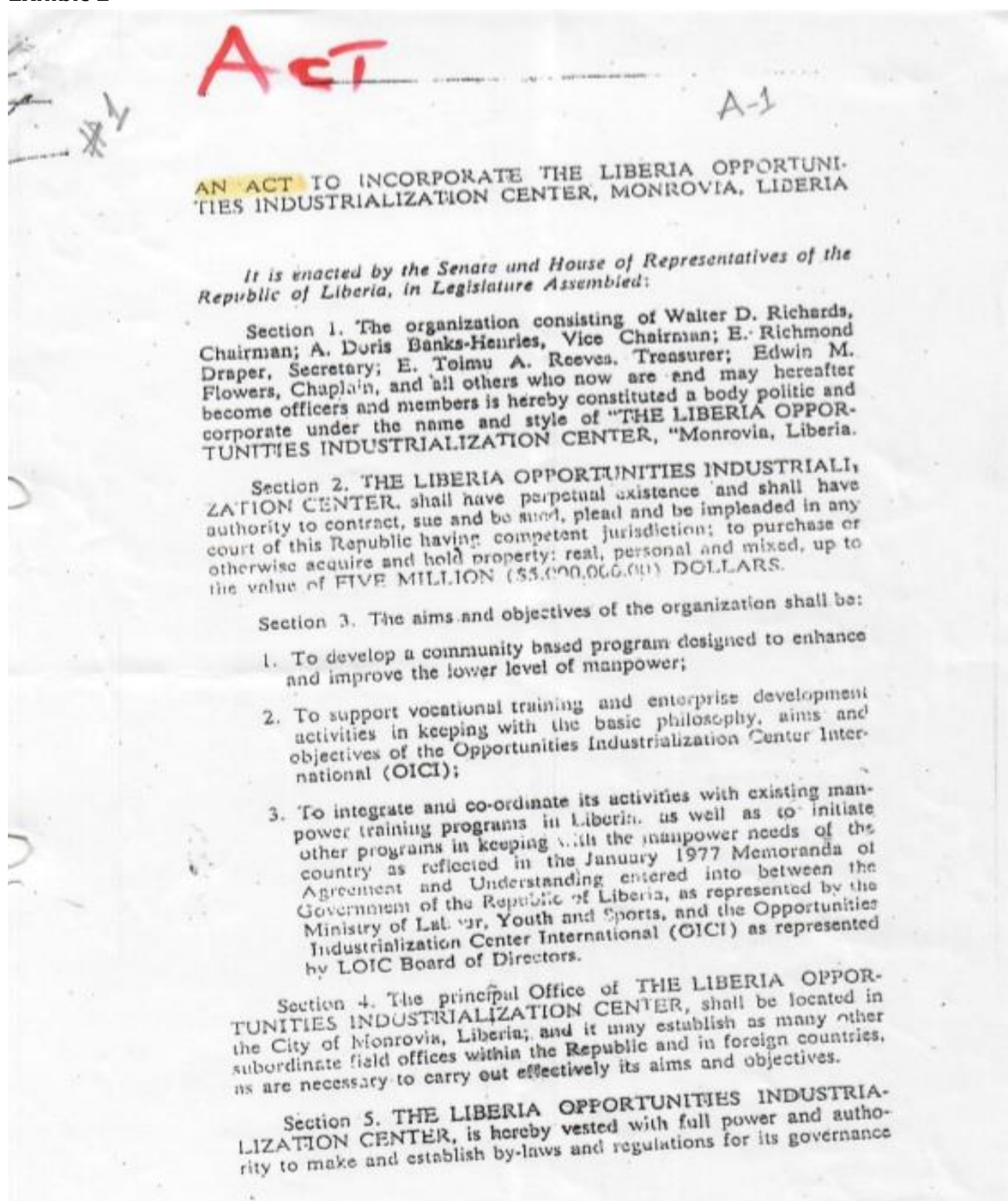


Exhibit 1a

and to do all other acts and things done by similar bodies corporate as are not repugnant to the Constitution and Laws of the Republic.

Section 6. THE LIBERIA OPPORTUNITIES INDUSTRIALIZATION CENTER, as an organization and non-profit corporation shall be exempt from the payment of such taxes as provided by law with respect to similar organizations but its account showing receipts and expenditures shall always be open to inspection by any official designated by the Minister of Finance.

Section 7. This Act shall become effective immediately upon publication in hand-bills.

Any law to the contrary notwithstanding.

Approved: July 6, 1976

Published by Authority
Government Printing Office
Ministry of Foreign Affairs
Monrovia, Liberia
January 12, 1979

Exhibit 2

Liberia OIC Vocational Training Program

MEMORANDUM OF AGREEMENT

AGREEMENT, effective this _____ day of January, A.D. 1977,
between the Government of LIBERIA and OPPORTUNITIES INDUSTRIALIZATION CENTERS INTERNATIONAL, INC., (hereinafter referred to as OICI), Philadelphia, Pennsylvania (grantor).

WHEREAS, LIBERIA, especially its larger urban communities is plagued with high rate of unemployment, low productivity and a largely unskilled labor force, and continues to suffer from acute shortages of trained workers; and

WHEREAS, OICI, in a spirit of friendship and cooperation promises and agrees to establish in collaboration with the Government of LIBERIA an OPPORTUNITIES INDUSTRIALIZATION CENTER in LIBERIA to accelerate and enhance the lower level of manpower training in LIBERIA; and

WHEREAS, the Government of LIBERIA accepts the proposal as submitted by OICI with amendments contained in this Memorandum of Agreement; and

NOW THEREFORE, the parties here agree as follows:

Exhibit 2a

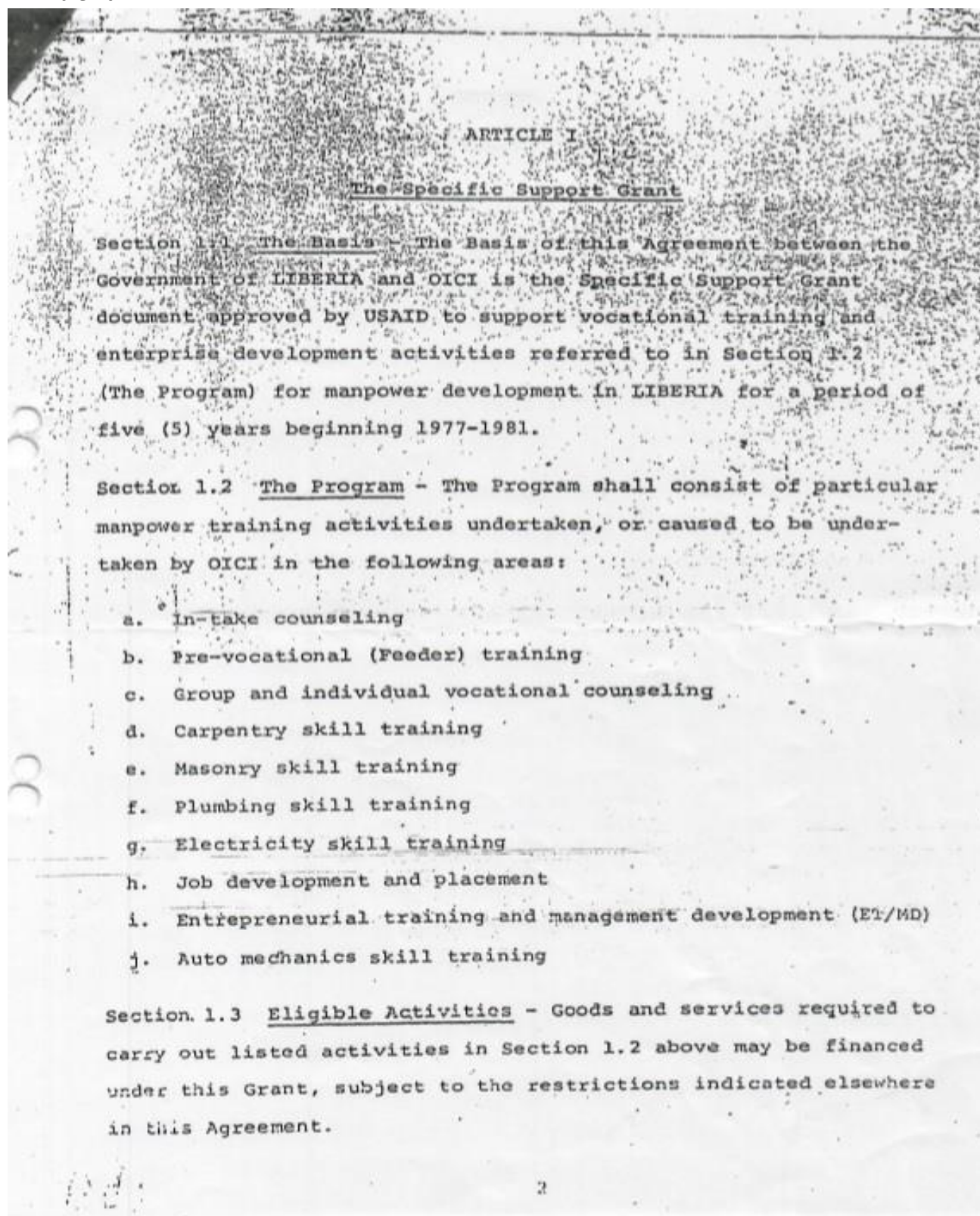


Exhibit 2b

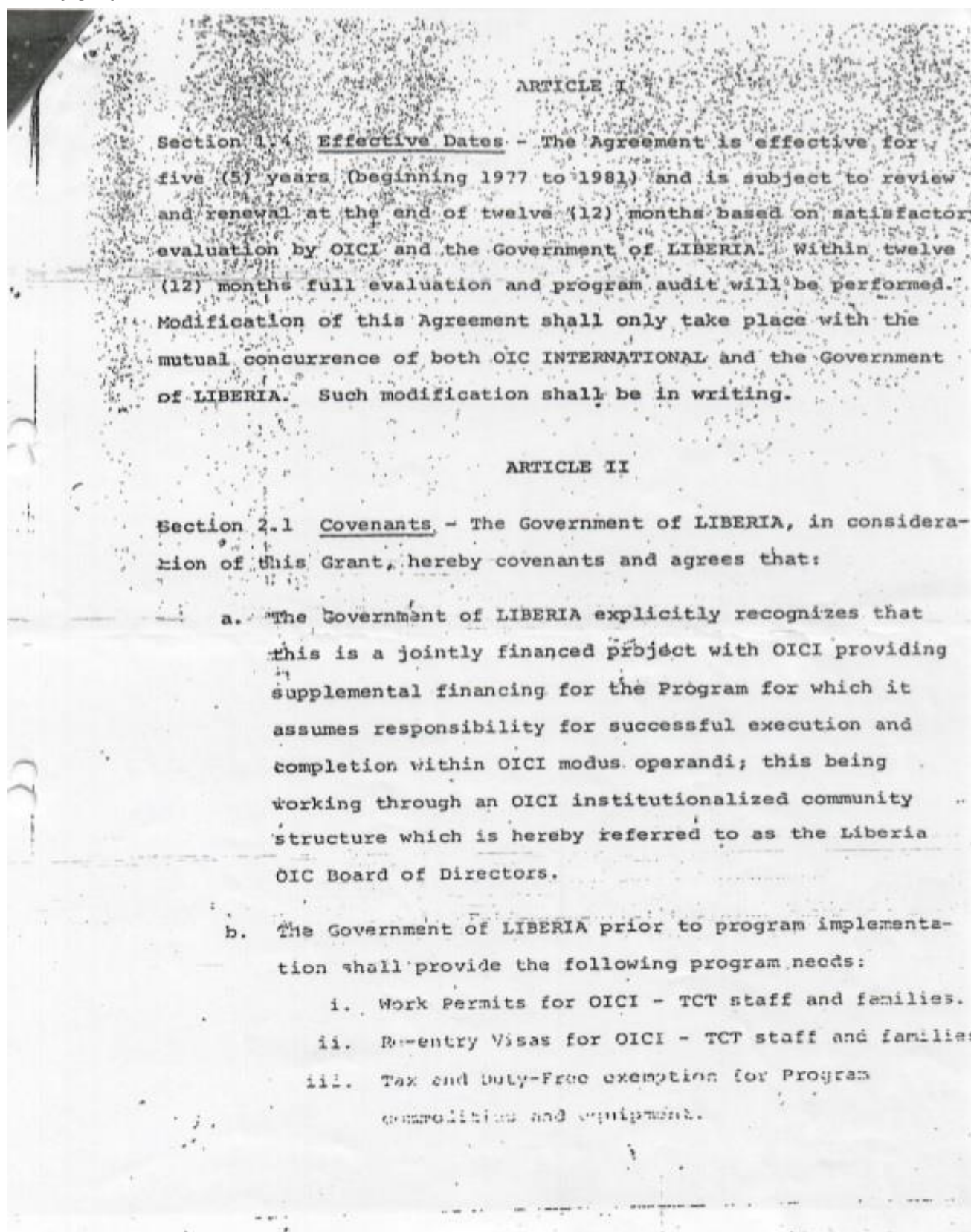


Exhibit 2c

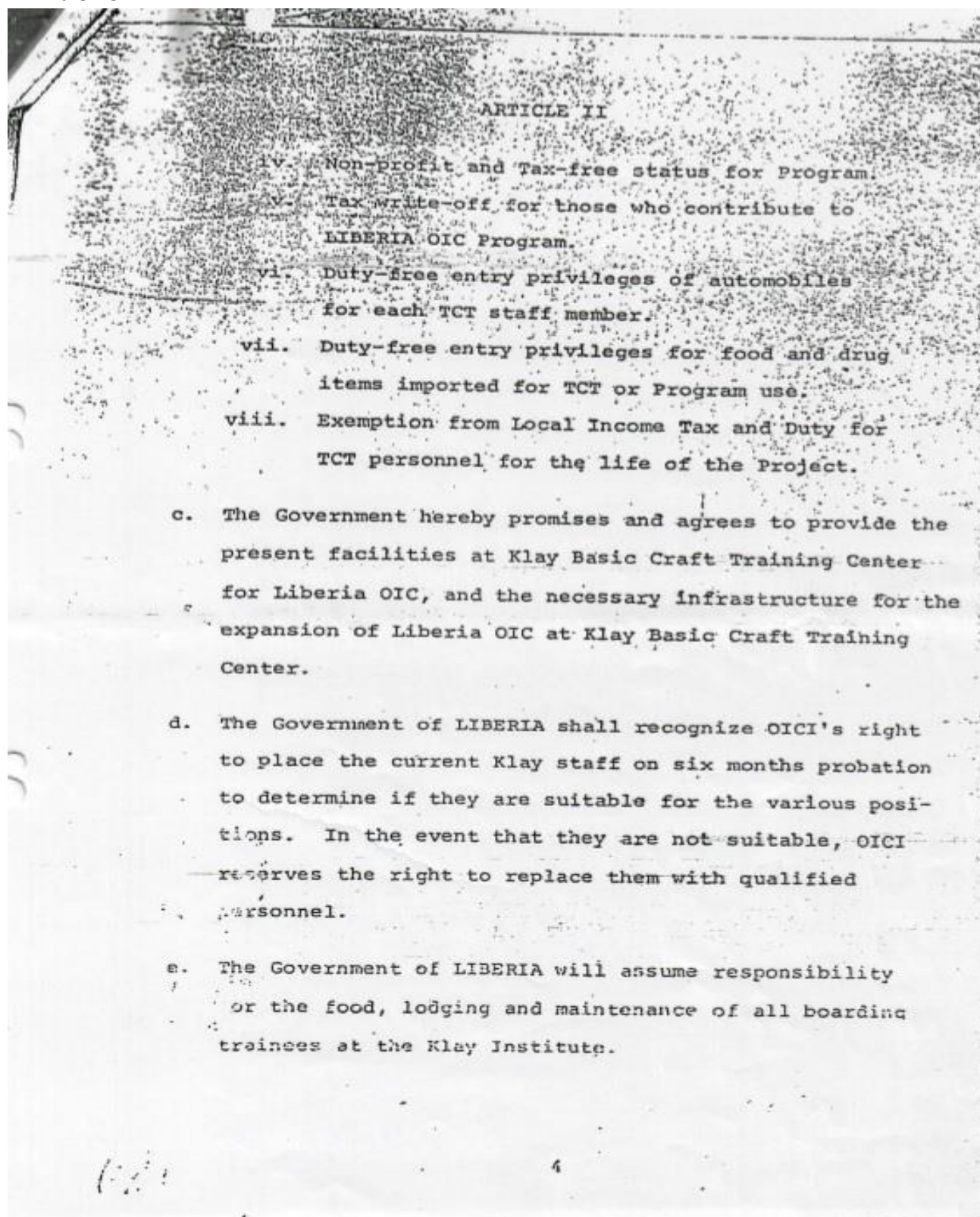


Exhibit 2d

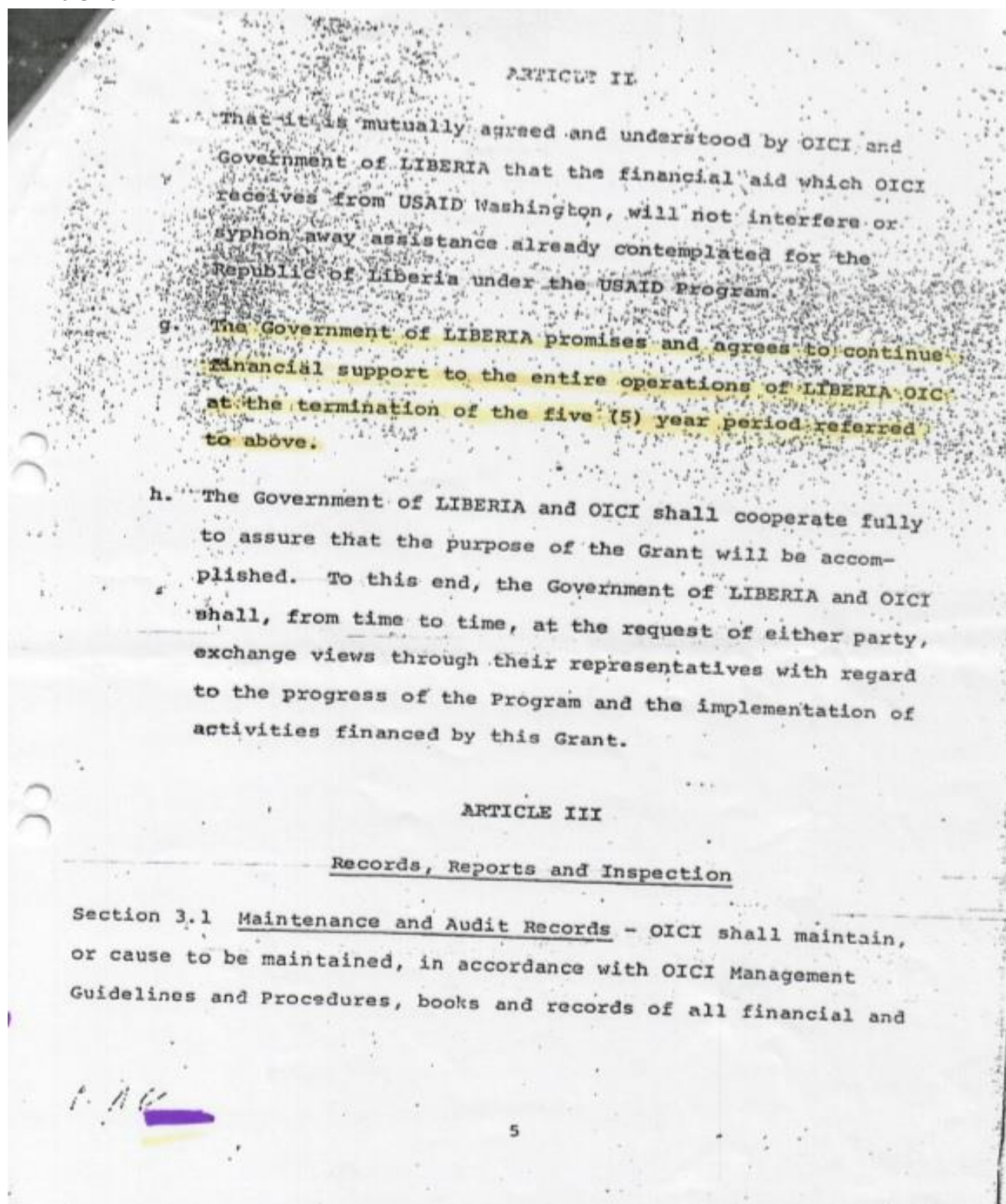


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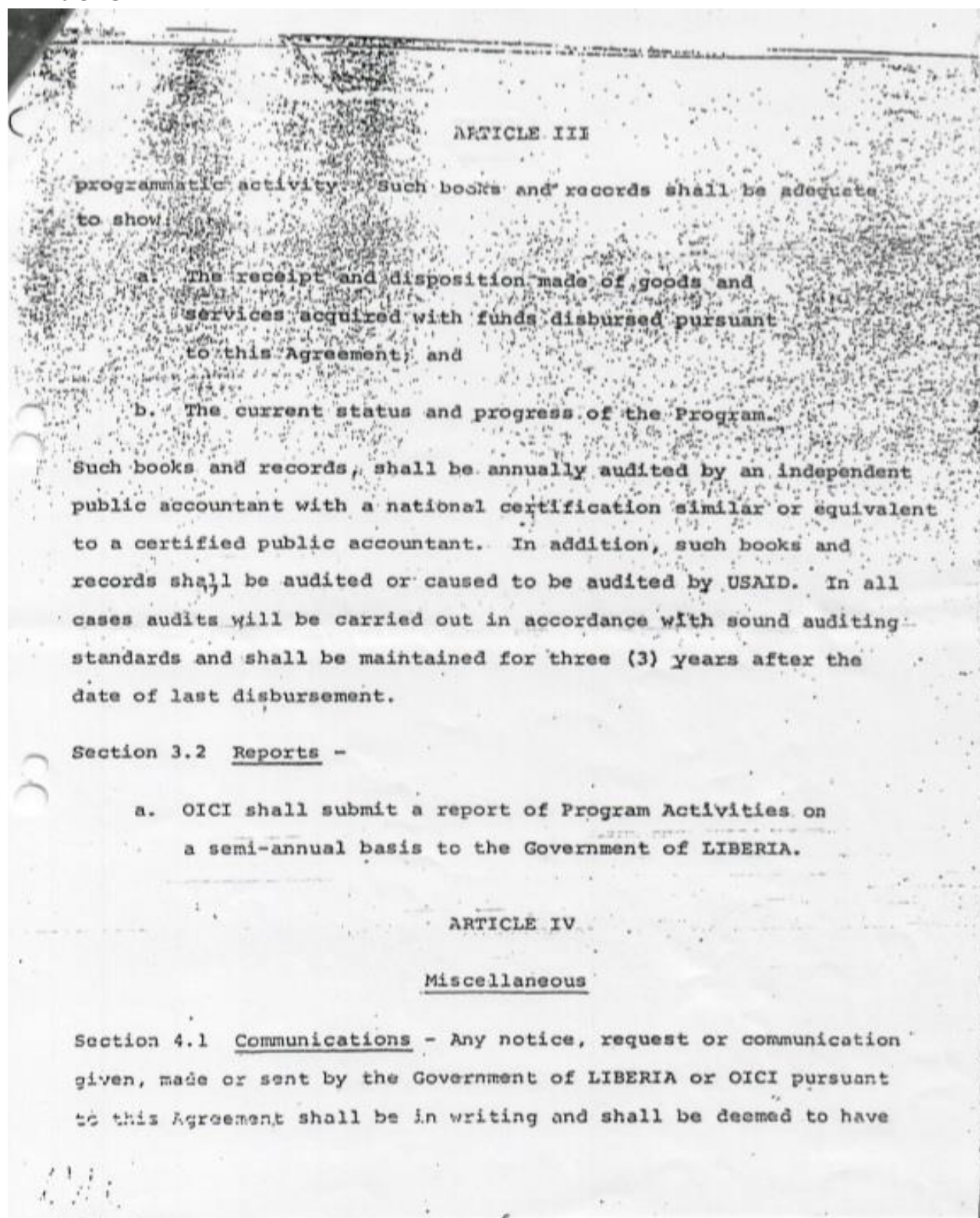


Exhibit 2f

ARTICLE IV

been duly given, made or sent to the party to which it is addressed when delivered by hand, mail, telegram, cable or radiogram to such other party at the following addresses:

TO THE GOVERNMENT OF LIBERIA:

Mail Address: Ministry of Labour, Youth and Sports
Monrovia, Liberia.

Cable Address:

TO OICI:

Mail Address: 240 West Tulpehocken Street
Philadelphia, Pennsylvania 19144 USA

Cable Address: OICINTERNA, PH PA.

Section 4.2 Representatives - For all purposes relative to this Agreement, the Government of LIBERIA will be represented by the individual holding or acting in the Office of Minister of Labour, Youth & Sports, and OICI will be represented by the individuals holding or acting in the offices of Chairman of the Board and International Director. Such individuals shall have the authority to designate by written notice additional representatives. In the event of any replacement or other designation of a representative hereunder, each party shall submit a statement of the representative's name and specimen signature in form and substance satisfactory to OICI and the Government of LIBERIA. Until receipt by OICI of written revocation notice of authority, OICI may accept the signature of any

7

Exhibit 2g

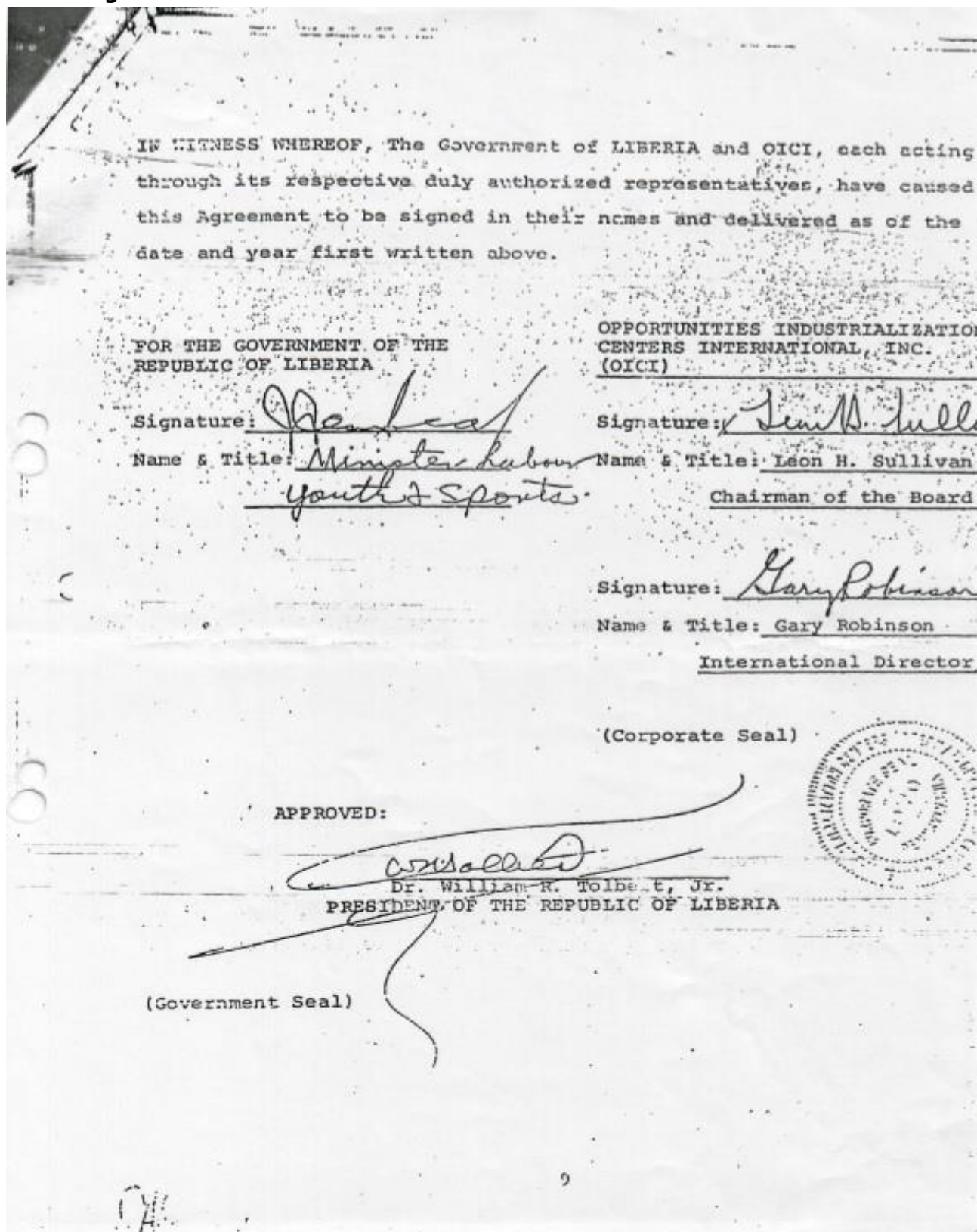


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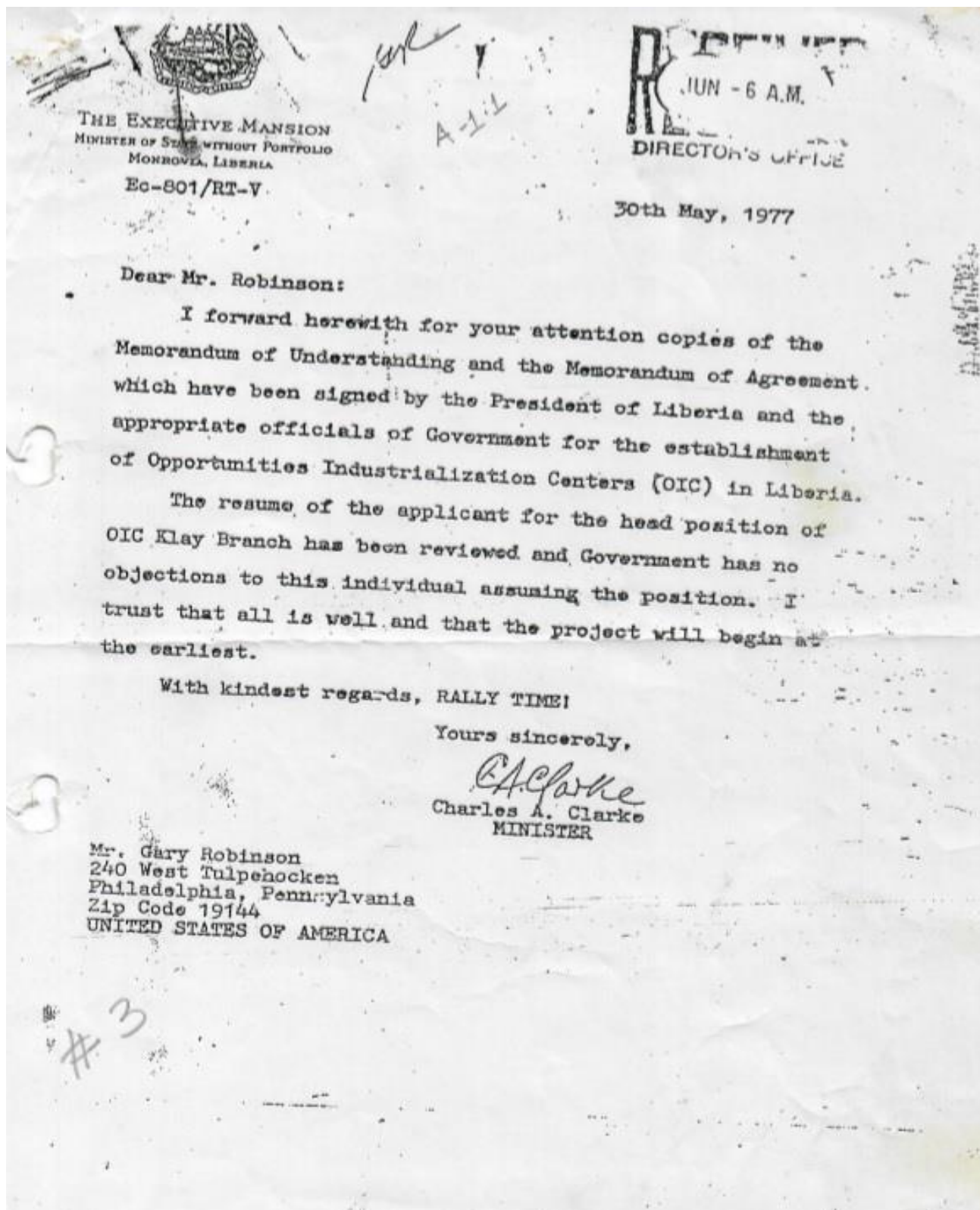


Exhibit 3a

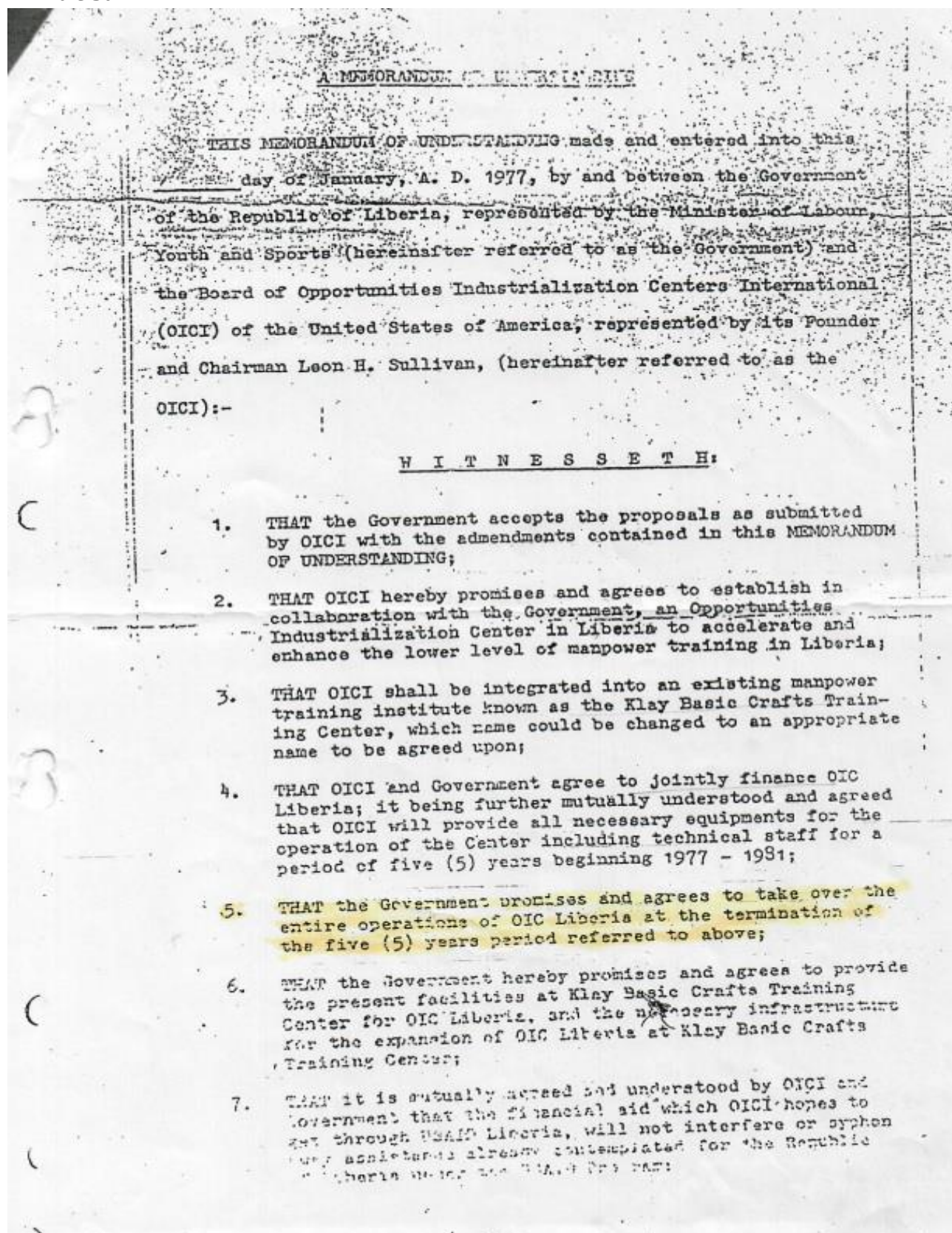


Exhibit 3b

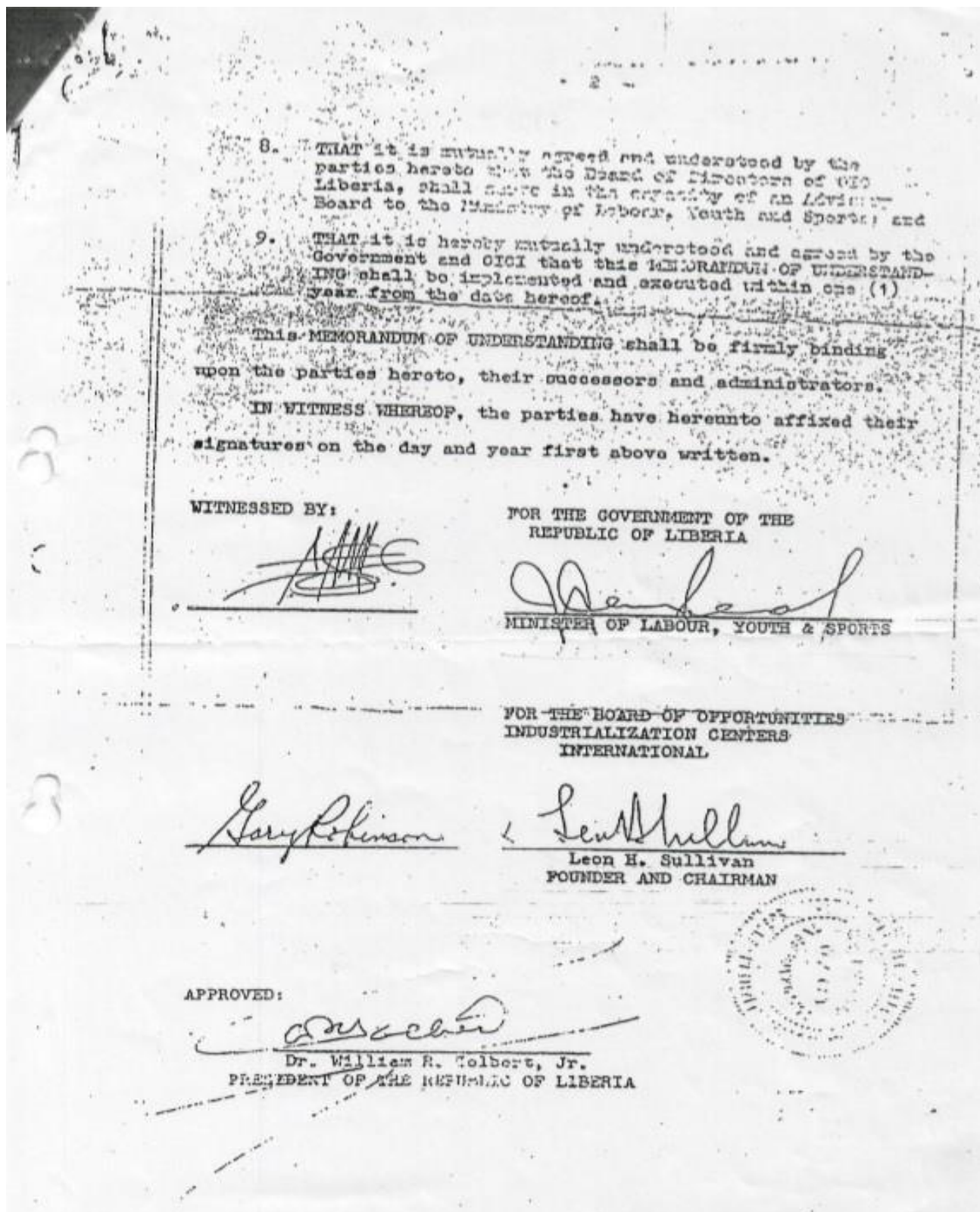


Exhibit 4

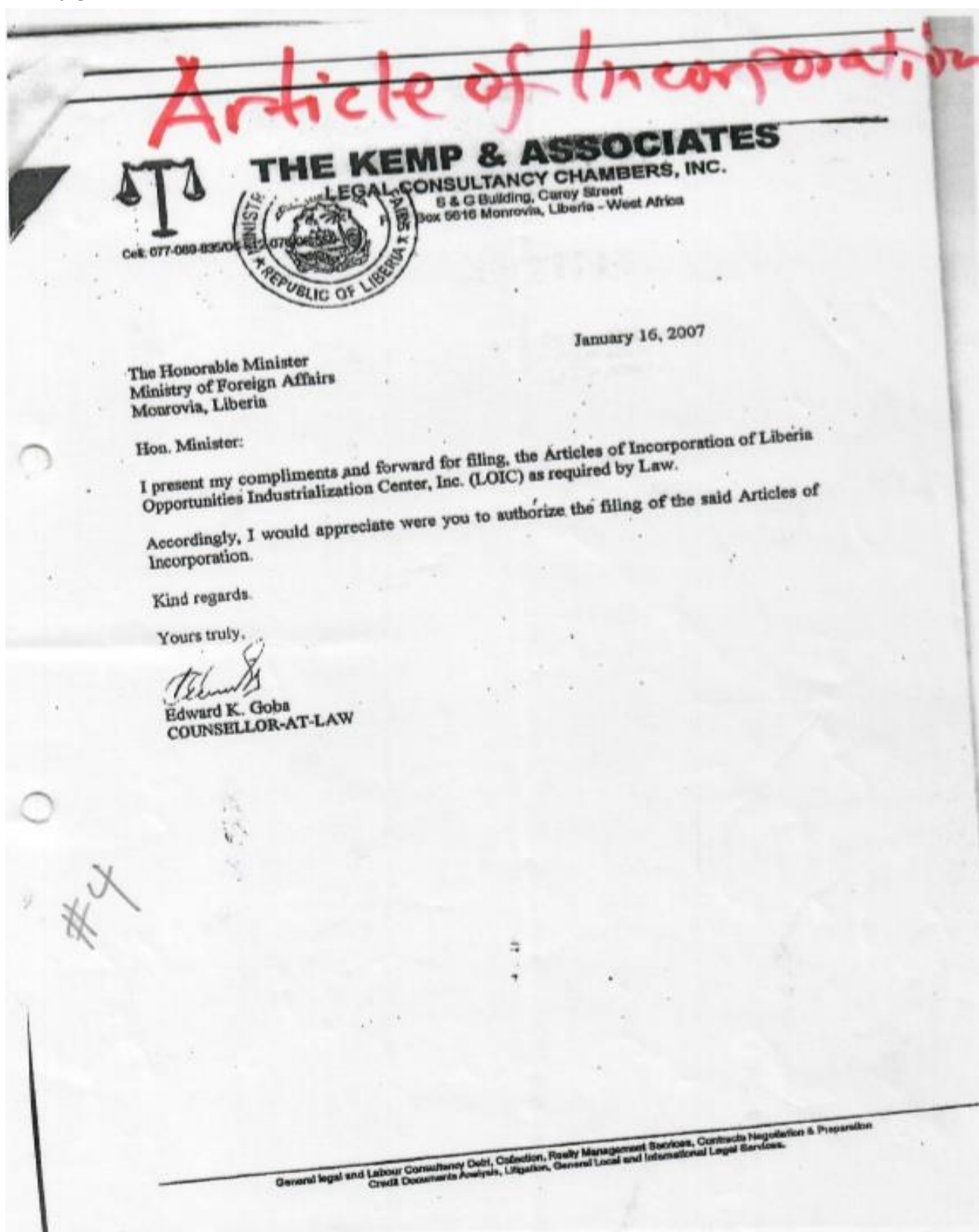


Exhibit 4a

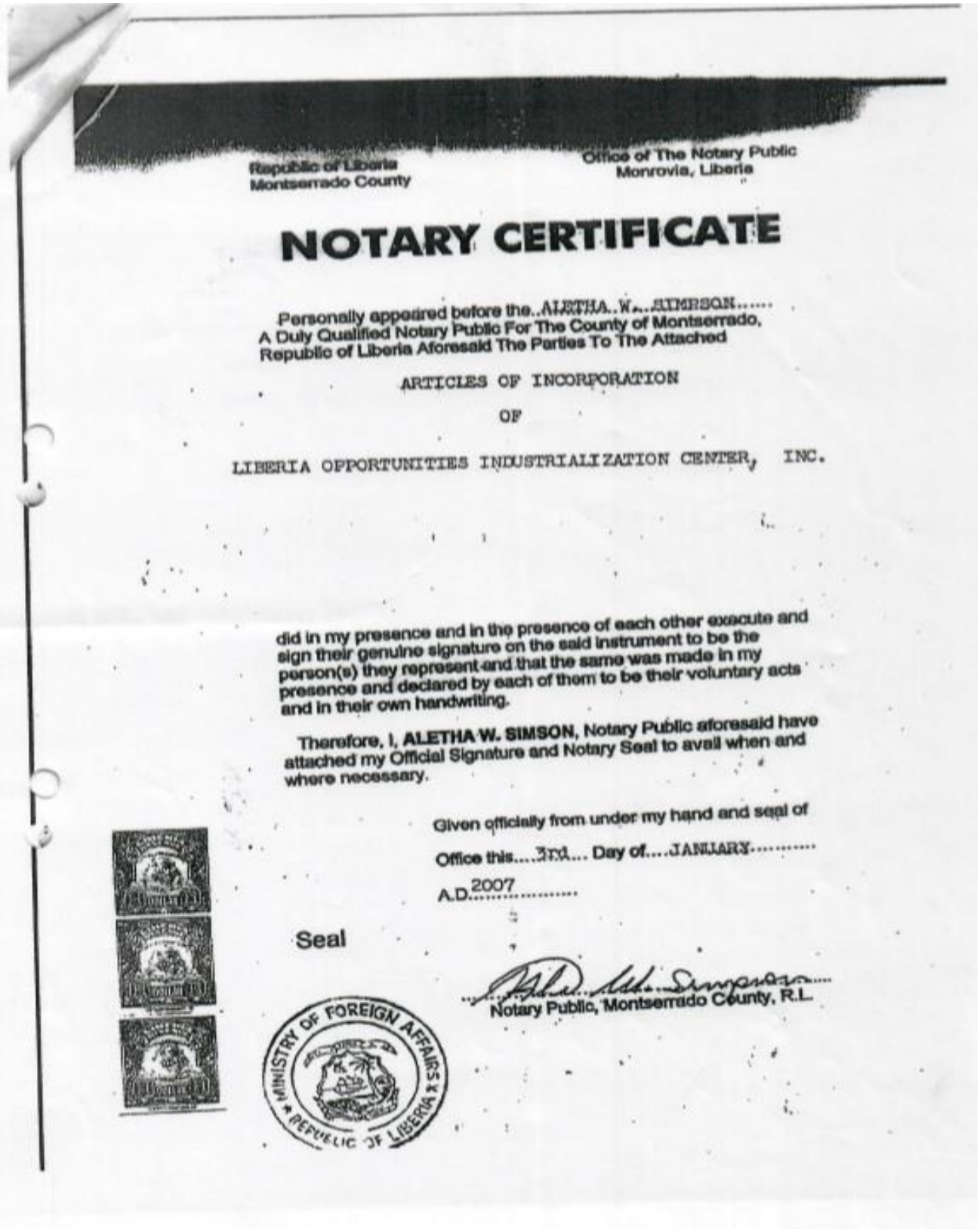


Exhibit 4b

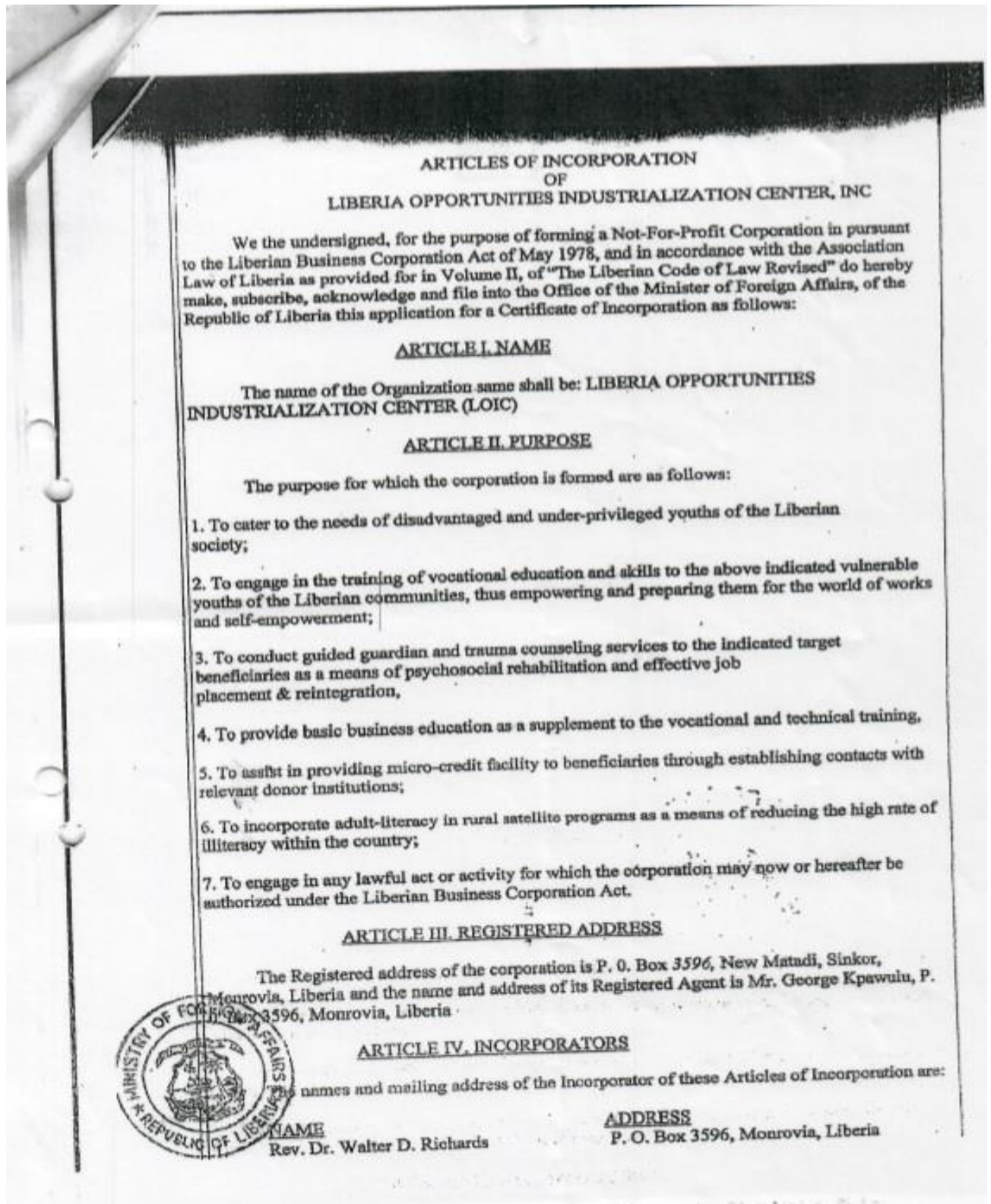


Exhibit 4c

ARTICLE V. BOARD OF DIRECTORS

The number of the initial Board of Directors who shall serve until their successors are elected shall not be less than five or more than fifteen. The names and mailing address of the initial Board of Directors of the Corporation are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
1. Rev. Dr. Walter D. Richards	P.O. Box 3596, Monrovia, Liberia	Chairman
2. Mr. E. Richmond Draper	P.O. Box 3596, Monrovia, Liberia	Secretary
3. Mrs. Olivia B. Williams	P.O. Box 3596, Monrovia, Liberia	Treasurer
4. Rev. Kortu Brown	P.O. Box 3596, Monrovia, Liberia	Member
5. Rev. Joseph Roberts	P.O. Box 3596, Monrovia, Liberia	Chaplain
6. Fr. A. Too Williams	P.O. Box 3596, Monrovia, Liberia	Member
7. Ministry of Planning	P.O. Box 3596, Monrovia, Liberia	Member
8. Ministry of Education	P.O. Box 3596, Monrovia, Liberia	Member
9. Ministry of Youth & Sports	P.O. Box 3596, Monrovia, Liberia	Member
10. Rev. Adelaide Supuwood	P.O. Box 3596, Monrovia, Liberia	Member

ARTICLE VI. INDEMNITY

The organization shall indemnify each member of the Board of Directors from any loss or damages sustained by lawsuit brought against any member of the Board of Directors or officer(s) because of any act or actions performed in good faith for the organization, Nothing however, in this paragraph shall be construed as a waiver of liability for any such action of malfeasance or misfeasance of any member or officer.

ARTICLE VII. POWERS

The Corporation shall have the powers in furtherance of its corporate purpose to:

1. Enter into contracts with persons, organizations, corporations, partnerships and association.
2. Exercise any or all of the powers pursuant to the necessary provisions of the Non-Profit Corporation Act the Republic of Liberia.

ARTICLE VIII. OTHER PROVISIONS

1. The Organization shall provide motivation and training and will develop and utilize the skills of people regardless of race, creed, color or sex in the process of imparting knowledge and skills to its target beneficiaries;
2. The Corporation will help train trainers, counselors, volunteers and other Personnel to be involved in the development of other branches of the Organization in other parts of the county,;
3. The affairs of the corporation shall be managed by a Board of Directors of not less than seven members elected by members of the corporation in a manner to be provided by the By-Laws. Any By-laws adopted by the Board of Directors shall in no way conflict with the provisions of these Articles of Incorporation;
4. These articles of incorporation may be amended by a vote of two-thirds Of the directors of the corporation present at any regular meeting. The Annual meeting, or at a special meeting called for the purpose, provided that any quorum requirement imposed by the By-Laws is met, and provided further that no amendment or appeal of the Articles of Incorporation shall be adopted at any such meeting;



Exhibit 4d

...to the
...as a community based organization and shall be
...as non-political in all of its activities and undertakings.

ARTICLE IX. DURATION

The corporation shall have perpetual existence, but may be dissolved in accordance with the Business Corporation Law of the Republic of Liberia.

ARTICLE X. CORPORATE EXISTENCE

The existence of the Corporation shall begin upon the filing of these Articles of Incorporation in the office of the Minister of Foreign Affairs of the Republic of Liberia.

ARTICLE XI. INITIAL CORPS OF OFFICERS

The initial corps of officers of the Corporation who shall be responsible to run the day-to-day affairs of the Corporation are:

NAME	POSITION	ADDRESS
1. George Kpawulu	Executive Director	P.O. Box 3596, Monrovia, Liberia
2. Solomon D. King, Sr.	Deputy Executive Director	P.O. Box 3596, Monrovia, Liberia
3. Gbakanama J. Gbamokollie, Sr.	Finance Director	P.O. Box 3596, Monrovia, Liberia

IN WITNESS WHEREOF, we have subscribed and acknowledged this instrument this 3rd day of January A. D. 2007.

IN THE PRESENCE OF:

[Signature]
[Signature]
[Signature]

INCORPORATORS:

[Signature]
Rev. Dr. Walter D. Richards

[Signature]
E. Richmond Draper

[Signature]
Mrs. Oliyia B. Williams

\$12.00 Revenue Stamps affixed on the original.




Exhibit 4e

**Liberia Opportunities Industrialization Center
LOIC
Senior Management Staff Listing**

Year 2012

A. National Office

NO	NAME	POSITION	SEX
1	Solomon D. King, sr.	National Executive Director	M
2	Ellis I. S. Kiazolu, Sr.	Finance Director	M
3	Daniel C. Gayedyu, Sr.	Internal Auditor	M
4	J. Clarence C. Blapooh	Program Officer	M
5	Preston P. Jackson	Personnel Director	M
6	Samuel K. Baker, Sr.	Dept. Finance Director	M
7	Rebekah M. Bertsche	Counseling Coordinator	F
8	Angela T. Reffell	Executive secretary	F
9	Marline Cooper	Finance Assistant	F
10	Wilson G. Moore	Procurement Officer	M
11	David Nyema	Chief Security	M

Auditor General's Report on the Operations and financial transactions of the Liberia Opportunities Industrialization Center (LOIC) For the Fiscal year ended June 30, 2018

Exhibit 5

LIBERIA OPPORTUNITY INDUSTRIALIZATION CENTER
Fixed Assets Register
For Fiscal Year 2018

S/N	Description of Assets	Classification of Assets	Date of Purchase	Date Put in Use	Cost LSS	Accumulated Depreciation LSS	Net Book Value LSS	Estimated Useful Life	Depreciation Method	Funding Source	Assigned Unit	Assigned Person	Location	Internal Code	Serial/Chassis/Model No.	Condition
1	LOIC Head Office,	Building	1984	1984	1,103,018.00	375,026.12	727,991.88	100 yrs	Straight Line	USAID			New Matadi			Good
2	Production service Unit	Building	1984	1984	500,000.00	170,000.00	330,000.00	100 yrs	Straight Line	USAID			New Matadi			Good
3	Practice Shop	Building	1984	1984	45,000.00	15,700.00	29,300.00	100 yrs	Straight Line	USAID			New Matadi			Good
4	Fence/Generator Rm/Parking Area	Fence Etc	1984	1984	15,000.00	5,100.00	9,900.00	100 yrs	Straight Line	USAID			National Office			Good
5	Foyas Compound	Building	1984	1984	350,000.00	119,000.00	231,000.00	100 yrs	Straight Line	USAID			Lofa			Good
6	Burhanan Compound	Building	1995	1995	500,000.00	115,000.00	385,000.00	100 yrs	Straight Line	CHEVRON			Burhanan City			Good
7	Ganta Compound	Building	1997	1997	30,000.00	10,500.00	19,500.00	100 yrs	Straight Line	USAID			Ganta City			Good
8	Sinje Compound	Building	2000	2000	425,000.00	76,500.00	348,500.00	100 yrs	Straight Line	EED			Ganta City			Good
9	Ghargha Compound	Building	2010	2010	75,000.00	6,000.00	69,000.00	100 yrs	Straight Line	LOIC			Cape Mt.			Good
	Sub-Total				3,063,018.00	892,826.12	2,170,191.88						Ghargha City			Good
1	1/5 Acres/Head Office	Land	1984	1984	20,400.00	-	20,400.00	-	-	USAID			New Matadi			Good
2	2/408 Acres Foyas	Land	1984	1984	40,800.00	-	40,800.00	-	-	USAID			Lofa			Good
3	2/27 Acres Sinje Satellite	Land			2,700.00	-	2,700.00	-	-				Burhanan City			Good
4	8 Acres Buchanan Satellite	Land			800.00	-	800.00	-	-				Ghargha City			Good
5	2/27 Acres Ghargha Satellite	Land			2,700.00	-	2,700.00	-	-				Ganta City			Good
6	2/27 Acres Ganta Satellite	Land	1984	1984	2,700.00	-	2,700.00	-	-	USAID			Ganta City			Good
7	2/25 Acres River Gee	Land			2,500.00	-	2,500.00	-	-	Hands			River Gee			Good
	Sub-Total				72,600.00	-	72,600.00									Good
1	Photo-Copier HPD IR 2420	Office Equip	2013	2013	1,150.00	1,150.00	-	5 yrs	Straight Line	LOIC/GOL	Finance					
2	Desk Top computer	Office Equip	2011	2011	825.00	825.00	-	3 yrs	Straight Line	LOIC/GOL	Finance			LOIC/PDE-03		
3	Canon Printer MF4410	Office Equip	2011	2011	365.00	365.00	-	3 yrs	Straight Line	LOIC/GOL	Finance			LOIC/PDE-08		
4	Computer Laptop	Office Equip	2011	2011	825.00	825.00	-	3 yrs	Straight Line	LOIC/GOL	Finance			LOIC/PDE-02		
5	Canon Printer MF4410	Office Equip	2011	2011	365.00	365.00	-	3 yrs	Straight Line	LOIC/GOL	Finance			LOIC/IAE-01		
6	Laser Jet 100 Printer	Office Equip	2013	2013	1,550.00	1,550.00	-	5 yrs	Straight Line	LOIC/GOL	Finance			LOIC/IAE-02		
7	Laser Jet 100 Printer	Office Equip	2013	2013	1,550.00	1,550.00	-	5 yrs	Straight Line	LOIC/GOL	Finance			LOIC/IAE-01		
8	Laser Jet 100 Printer	Office Equip	2013	2013	1,550.00	1,550.00	-	5 yrs	Straight Line	LOIC/GOL	Finance			LOIC/IAE-01		
9	72 KVA Generator	Equipment	2011	2011	17,000.00	11,900.00	5,100.00	10 yrs	Straight Line	LOIC/GOL	Ex. Dir.			LOIC/INDE-01		
10	Canon Printer MF4410	Office Equip	2011	2011	365.00	365.00	-	3 yrs	Straight Line	LOIC/GOL	Nat'l Office			LOIC/INDE-01		
	Sub-Total				25,545.00	20,880.00	5,100.00									

1.2.4

Exhibit 5a

1	2009-Nissan Sedan A217811	Vehicle	2019	2019	1,626.56											
2	2011 - Toyota Land Cruiser SUV	Vehicle	Donated	Donated						LOIC	Man/Prog			National Office		Fair
3	2001 Toyota Land Cruiser SUV	Vehicle	Donated	Donated							Ex. Dir.			National Office		Fair
4	1996-Nissan Navara Pickup	Vehicle	2015	2015	26,000.00	19,499.97	6,500.03	5 yrs	Straight Line	BFW	Ghargha		Ghargha	Ghargha Satellite		Demargend
5	2014 Nissan NP 300 Pickup	Vehicle	2015	2015	26,000.00	19,499.97	6,500.03	5 yrs	Straight Line	BFW	Sinje		Sinje	Ghargha Satellite		Demargend
6	1996-Toyota Tundra Pickup	Vehicle	2012	2012	12,500.00	12,500.00	-	5 yrs	Straight Line	LOIC	National Off			National Office		Demargend
7	2011 - Mercedes Benz Truck	Vehicle	Donated	Donated							National Off			National Office		Fair
8	2009 Nissan Pick up	Vehicle	Donated	Donated							National Off			National Office		Fair
	Sub-Total				66,126.56	51,499.94	13,000.06							Buch. Satellite		Fair
1	Office Desk	Furniture								USAID				USAID/PWF-01		
2	Office Desk	Furniture								USAID				USAID/PWF-02		
3	Office Desk	Furniture								USAID				USAID/PWF-03		
4	Office Desk	Furniture								USAID				USAID/PWF-04		
5	Office Desk	Furniture								USAID				USAID/PWF-05		
6	Office Desk	Furniture								USAID				USAID/PWF-01		
7	Office Desk	Furniture								USAID				USAID/PWF-01		
8	Official Chair	Furniture								USAID				USAID/PWF-01		
9	Official Chair	Furniture								LOIC/GOL				LOIC/NEDF-01		
10	Official Chair	Furniture								LOIC/GOL				LOIC/NEDF-02		
11	Official Chair	Furniture								LOIC/GOL				LOIC/NEDF-03		
12	Office Desk	Furniture	Donated	Donated						LOIC/GOL				LOIC/NEDF-04		
1	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC/Ex/Sec/01		
2	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC/PDE-12		
3	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC/PDE-04		
4	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC/IAE-03		
5	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC-LIBRARY		
6	Split Unit	Air Conditioner	2010	2010						LOIC/GOL				LOIC-LIBRARY		
7	Window Air conditioner	Air Conditioner	Donated	Donated						LOIC/GOL				LOIC-Board Rm		
														LOIC/Ex. Sec/		



Exhibit 6

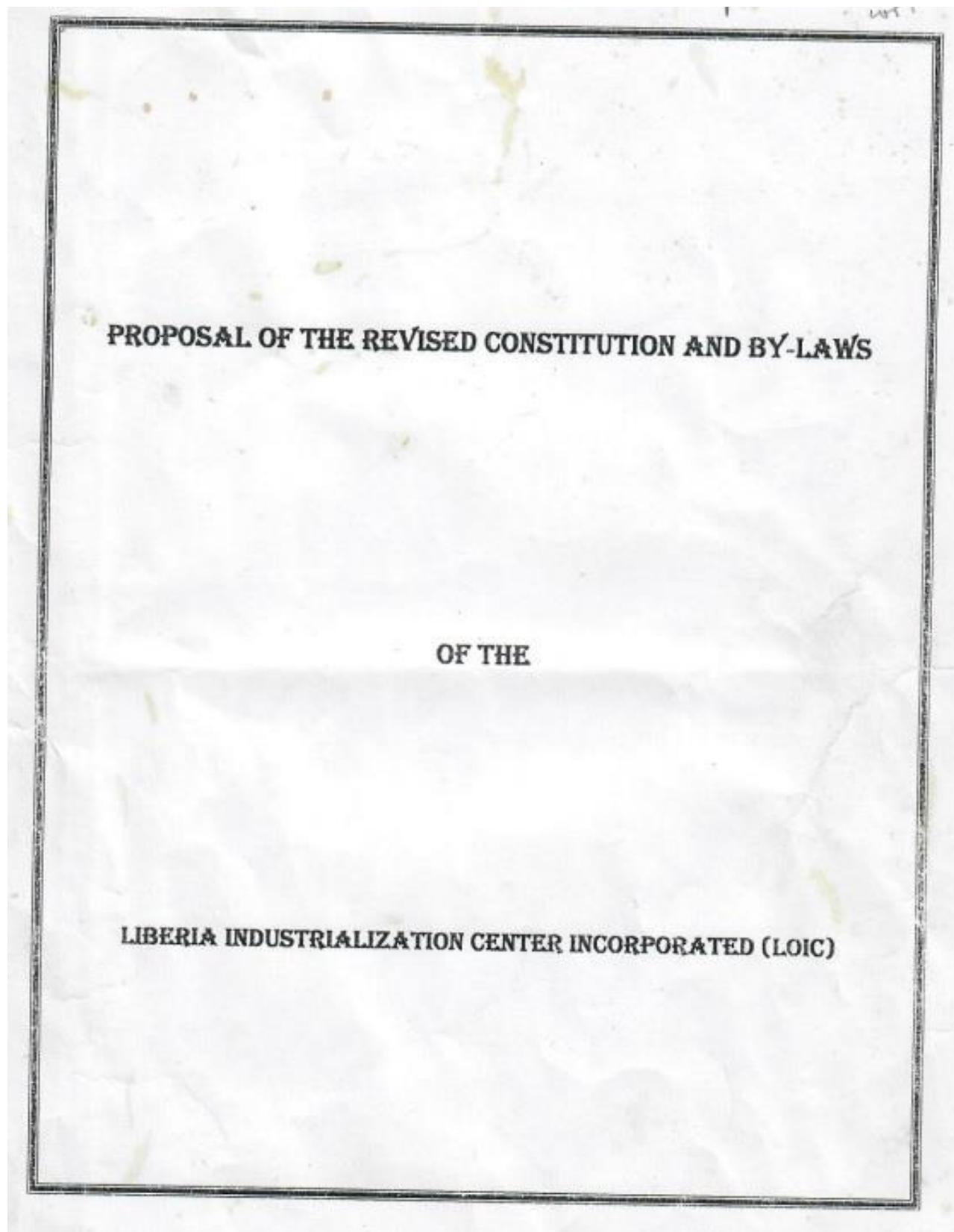


Exhibit 6a

**PROPOSAL OF THE REVISED CONSTITUTION AND BY-LAWS OF THE
LIBERIA OPPORTUNITIES INDUSTRIALIZATION CENTER**

PREAMBLE

We are a non-profit Corporation interested in the well being and development of the underdeveloped human resources of our community and nations, in an attempt to combat and alleviate some of the resulting social problems, we are desirous of developing the National Opportunities Industrialization Center in Liberia, in keeping with the basic philosophy of the OIC International.

Opportunities Industrialization Center is a non-profit making Corporation established for purpose of developing and utilizing the technical skills of members of our community regardless of race, color, creed, sex or sect; and to induct and motivate the trainees in industrial agriculture and commercial discipline so as to enable them to make productive contributions to the development of the Liberian Economy.

This non-profit Corporation is not designed to gain any pecuniary benefit for its Board Members. However a reasonable transportation shall be provided on a quarterly basic. It is further agreed that the aims and objectives of this Corporation are to be carried out in consonance with the laws governing the operation of such Corporations within the Republic of Liberia.

Exhibit 6b

ARTICLE I

This Corporation shall be named and known as the Liberia Opportunities Industrialization Center, Incorporated (LOIC).

ARTICLE II

AIMS AND OBJECTIVES

The Liberia Opportunities Industrialization Center is a non-profit Corporation established in order to make available a community program of industrial training, re-training, and placement in order that disadvantaged citizens may be properly motivated and trained to become more aware of their productive abilities and more directly involved in the economic mainstream of the community and the nation.

ARTICLE III

MOTTO

The motto of LOIC shall be; "Helping Others to Help Themselves".

ARTICLE IV

HEADQUARTERS

The National Headquarters shall be established and located in Monrovia, Liberia.

ARTICLE V

MEMBERSHIP

Section 1: Membership of LOIC shall consist of all local LOIC branches, other OIC program Units in Liberia and interested individuals of good character, and organizations in the Republic of Liberia.

Section 2: Each member shall be required to pay dues of such levied as may be agreed upon from time to time.

Section 3: An annual General Meeting of the Corporation for the transaction of business shall be held at least 3 months before the end of the fiscal year at the office of the national headquarters, or at such other place and hour as the Directors shall appoint.

Exhibit 6c

ARTICLE VIII

Section I: the registered address of the Liberia OIC shall be:

Liberia OIC, Inc.
P.O.Box 3596
Monrovia, Liberia

ARTICLE IX

Section I: in the event that this non-profit making Corporation for any reason should cease to exist or function, by voluntary or involuntary dissolution, upon approval of the Government of Liberia any and all of its assets shall be transferred or assigned to another non-profit making Corporation which has been established and operated exclusively for charitable, literacy, religious or educational purposes as shall be decided by the Board of Directors.

ARTICLE X

ADMENDMENTS

Section I: These By-Laws may be altered or amended at the Quarterly/Special General Meeting of the Board of Directors by a two-third (2/3) majority vote of the members present and voting, provided that a written notice setting forth especially the proposed amendments be circulated to each member of LOIC at least sixty days in advance of the date of such a meeting.

Done in the Board Room of the Liberia Opportunities Industrialization Center (LOIC), April 27, 1989.

THE COMMITTEE MEMBERS

1. Mrs. C. Leona Chesson.....Chairperson
2. Rev. Fr. J. Jellice Bright.....Member
3. Mrs. Jessie H. Togba..... "
4. Mr. Joseph T. Ketter..... "
5. Mr. Jonathan L. Harmon..... "
6. Mr. E. Richmond Draper..... "
7. Counselor Foday J. Massaquoi..... "
8. Mr. Albert B. Coleman..... "