



Management Letter

On the Financial Statements Audit of the National Disaster Management Agency (NDMA)

For Fiscal Year Ended June 30, 2019



Promoting Accountability of Public Resources

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

Monrovia, Liberia
October, 2020

ACRONYMS USED

Acronym	Meaning
AG	Auditor General
BOD	Board of Directors
CBL	Central Bank of Liberia
CD	Compatible Disc
CGMA	Chartered Global Management Accountant
COSO	Commission on Sponsoring Organization
CPA	Certified Public Accountant
DOC	Document
ED	Executive Director
GAC	General Auditing Commission
GOL	Government of Liberia
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LD	Liberian Dollar
MFDP	Ministry of Finance and Development Planning
NCB	National Competitive Bidding
NDMA	National Disaster Management Agency
PFM	Public Finance Management
PPC Act	Public Procurement and Concessions Act
PV	Payment Voucher
RFQ	Request for Quotation
TOR	Term of Reference
USD	United States Dollar

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Mr. Henry O. Williams
Executive Director
National Disaster Management Agency (NDMA)
Monrovia, Liberia

October 20, 2020

**MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE NATIONAL
DISASTER MANAGEMENT AGENCY PERFORMED FOR THE YEAR ENDED JUNE 30, 2018.**

Dear Hon. Williams:

The financial statements of the National Disaster Management Agency (NDMA) are subject to audit by the Auditor-General (AG) in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

INTRODUCTION

The audit of the NDMA for the year ended June 30, 2019 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.

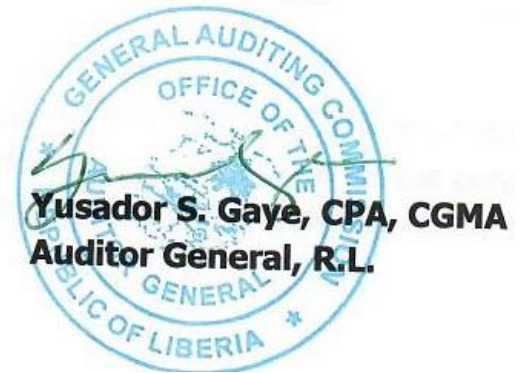
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

The maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Management of NDMA. Our responsibility is to express an opinion on the Financial Statements for the year ended June 30, 2019.

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 NDMA during the audit.



**Monrovia, Liberia
October, 2020**

1. DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Financial Reporting Requirements

1.1.1.1 Section 41(2) of the Public Financial Management Act of 2009 requires government ministries, agencies and commissions (MACs) to prepare and submit financial reports within two months after the end of the financial year to the president, the Minister of Finance and the Auditor General.

1.1.1.2 It was observed during the conduct of the audit that the Management of the National Disaster Management Agency (NDMA) signed its financial statements for Fiscal 2018/2019 on October 15, 2019 instead of within the two-month timeline stipulated in the PFM Act. Furthermore, there was no evidence availed in support of transmittal of the financial statements to the President, the Minister and the Auditor General in line with the PFM Act, 2009.

Risk

1.1.1.3 The untimely signing and non-submission of financial statements within specified timeframe could deprive decision makers of relevant financial information.

Recommendation

1.1.1.4 The Management of the NDMA should provide material justification for not preparing its financial statements within the time period specified by the PFM Act.

1.1.1.5 The Management should ensure that it submits financial statements timely to the President, Minister of Finance and the Auditor General in line with the PFM Act.

Management's Response

1.1.1.6 *The NDMA Management did not respond to this observation.*

Auditor General's Position

1.1.1.7 In the absence of a response by management, we maintain our findings and recommendations. Further, The NDMA management is in breach of Section 41(2) of the Public Financial Management Act of 2009.

1.1.2 IPSAS Cash Basis Financial Reporting Framework

Observation

1.1.2.1 Regulation A (1-3) of the PFM Act of 2009 requires that a public officer is in breach of financial discipline if he or his act or omission goes contrary to instructions or directives contained in these Regulations or in accounting instructions or manual for which no variation is permitted except by an appropriate authority. (2) Any person required to perform any function or duty either under Public Finance Management Act 2009 or under

these regulations that fails to perform that function or duty within the time required, is in breach of financial discipline under this regulation. (3) Disciplinary action for misconduct, omission or non- performance shall be taken against any officer contravening any instruction specified in sub regulation A.20 (1).

1.1.2.2 In addition, Paragraph 1.3.12 (a) of the IPSAS cash basis of accounting as adopted by the Government of Liberia requires the notes to the financial statements of an entity to provide additional information which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity’s cash receipts, cash payments and cash balances. Notes to the financial statements should be presented in a systematic manner.”

- Accounting policies and explanatory notes; and
- When the entity makes publicly available it’s approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments in accordance with paragraph 1.9.8”.

1.1.2.3 It was observed during the conduct of the audit that the NDMA Management did not provide appropriate explanatory notes for items on the face of the financial statements such as External Assistance, Transfers and Cash for the financial year under audit.

1.1.2.4 We further observed that descriptive note numbers provided on the face of the financial statements did not match the numbers provided in the explanatory notes. **See table # 1 below for detailed.**

Table #1: Inconsistence descriptive note numbers

NO.	Numbers of Notes on the face of the financial statements		Numbers provided in the Explanatory Notes	
	Line Items	Note #	Line Items	Note #
1.	Wages, Salaries and Employees’ benefits	7	Wages, Salaries and Employees’ benefits	5
2.	Supplies and Consumables	8	Supplies and Consumables	6
3.	Capital Expenditure	10	Capital Expenditure	7

Risk

1.1.2.5 The failure to provide the appropriate explanations for line items in the financial statements deny users the information required for financial and economic decision making.

1.1.2.6 It would be difficult to match information on the face of the financial statements with the corresponding explanatory notes provided.

Recommendation

1.1.2.7 The Management of NDMA should provide sustentative justification for the mismatch and misrepresentation contained in the notes to the financial statements.

Management's Response

- 1.1.2.8 Note on the face of the financial statement are in consistent with the explanatory note on the financial statement. See attached. Also note 5 & 6 on the face of the financial statement did not apply to the NDMA. Therefore, the notes in the explanatory were adjusted thereby deleting note 5 & 6.

Auditor General's Position

- 1.1.2.9 The NDMA Management's assertion is not materially supported. Notes # 5 & 6 are mandatory and are located in Part 1 of the IPSAS cash basis of accounting as adopted by the Government which must be complied with by entities which claim to be reporting in accordance with the IPSAS cash basis of accounting as adopted by the Government of Liberia. In addition, the miss-matched of notes makes the financial statements not fully in compliance with the IPSAS cash basis of accounting as adopted by the Government of Liberia in 2009. We therefore maintain our recommendation.

1.1.3 Cash Receipts Analysis

Observation

- 1.1.3.1 Section 36(1) of the PFM Act of 2009 states "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister".
- 1.1.3.2 It was observed during the audit that the financial statements total receipt recorded was **US\$988,761.69** while the actual amount recorded in the Budget Summary Report was **US\$1,004,269.87** thereby leading to an unexplained variance of **US\$15,508.18**. See **Table 2 for details**.

Table 2: Cash Receipts Analysis

Line Item	Actual per Financial Statements Amount (Actual) A	Actual expenditure per MFD Budget Control Summary Report B	Variance C (A-B)
Wages, Salaries and Employee Benefit	914,022.94	914,022.94	0.00
Purchase/Construction of Property, Plant and Equipment	74,738.75	90,246.93	15,508.18
Total	988,761.69	1,004,269.87	15,508.18

Risk

- 1.1.3.3 Conflicting receipt amounts could undermine the integrity of financial information thereby making users of the information to place less reliance on the financial Statements.

Recommendation

- 1.1.3.4 The Management of the NDMA should provide substantive justification back by material evidence for the variance between the financial statements and the budget control summary report for total receipts.

Management's Response

- 1.1.3.5 *Voucher # 02-V-000039 with the amount of US\$16,452.00 was raised for operation expense to MFDP and check was written. However, the NDMA was informed by the comptroller General office that the check could not be delivered to NDMA due to lack of funds in GOL general revenue account. Therefore, NDMA did not receive said amount as reflected in the variance (see attached copy of voucher).*

Auditor General's Position

- 1.1.3.6 We acknowledged Management's assertion on the issue raised. We follow-up with the Comptroller and Accountant General (CAG) and he confirmed Management's assertion that the check valued US\$16,452.00 was cancelled and not delivered to NDMA due to lack of funds in GOL general revenue account. We have revised the recommendation for the NDMA Management to work along with the CAG office to adjust the MFDP Fiscal Outturn report as it relates to the NDMA actual expenditure for the fiscal period under audit.

1.1.4 Unsupported Foreign Currency Translation Difference

Observation

- 1.1.4.1 Regulation A.3 of the Public Financial Management Act of 2009 states ' any public officer concerned with the conduct of financial matters of the government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and used of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the book of accounts and records of transaction for inspection when called upon to do so by the Auditor- General, the Controller General, the relevant internal auditor. A public officer who fails to keep or to produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.20.

- 1.1.4.2 It was observed, during the audit that the amount of US\$403.32 was recorded as foreign currency translation difference. However, there was no underlying records such as ledger or journal provided to support the figure. As such, we could not validate the amount recorded.

Risk

- 1.1.4.3 The lack of ledger or journal to support foreign currency translation difference questions the validity of the information provided and may inhibit the credibility of the financial information provided.

Recommendation

- 1.1.4.4 The Management of NDMA should provide the supporting ledger and journal to substantiate the foreign currency translation difference recorded.

Management's Response

- 1.1.4.5 *Management notes your observation but the foreign currency is fully disclosed in the consolidated general ledger. See attached.*

Auditor General's Position

- 1.1.4.6 There was no mathematical computation to prove how NDMA management derived at the foreign currency translation difference reported in the financial statement. The consolidated general ledger provided did not address the deficiency noted; therefore, we maintain our recommendations. Further, Management is in breach of financial discipline in line with Regulation 20 of the PFM Act of 2009.

1.1.5 Lack of Trial balance

Observation

- 1.1.5.1 Regulation A.3 of the Public Finance Management (PFM) Act of 2009 states that "An officer responsible for keeping financial and accounting records in accordance with this regulation shall ensure that the necessary books and forms for the purpose, are provided and the non-availability of the books, and forms shall not relieve the officer from responsibility."

- 1.1.5.2 During the fiscal period under audit, there was no evidence that the NDMA management prepared trial balance to ensure that for every debit entry recorded, a corresponding credit entry has been recorded in the books in accordance with the double entry concept of accounting.

Risk

- 1.1.5.3 In the absence of trial balance, it could be difficult to verify the arithmetical accuracy of entries made in the ledger.

Recommendation

- 1.1.5.4 The NDMA Management should provide material justification for the non-preparation of a trial balance for the fiscal period under audit.

Management's Response

- 1.1.5.5 *Trial balance was previously provided to the audit team. However, kindly find attached as evidence resubmission of the trial balance.*

Auditor General's Position

- 1.1.5.6 The document provided is not a trial balance. What Management provided is a ledger which is not the same as a trial balance. A trial balance is a bookkeeping worksheet in which the balances of all ledgers are compiled into debit and credit account column totals

that are equal. In the absence of a trial balance, we were not able to validate the arithmetical accuracy of the financial statements. We maintain our recommendation. Management is therefore in breach of financial discipline in line with Regulation A.3 of the PFM Act of 2009.

1.1.6 Chart of Accounts

Observation

- 1.1.6.1 Regulation D.13 (3) of the PFM Act requires that "Accounting and reporting for the National Budget or the appropriations for the central government as well as that of all government agencies shall be according to the budget classification and the Chart of Accounts"
- 1.1.6.2 It was observed during the audit that the NDMA Management did not classify line items listed in the General Ledger in accordance with the GOL Chart of Accounts which could be used as a tool to easily group related transactions.

Risk

- 1.1.6.3 The failure to classify line item using GOL Chart of Account could lead to misclassification of items reported in the financial statement.

Recommendation

- 1.1.6.4 The NDMA Management should provide material justification why it did not classify line items listed in the general ledger in accordance with GOL chart of accounts.

Management's Response

- 1.1.6.5 *Management acknowledges your observation. However, see attached as evidence of GOL chart of account.*

Auditor General's Position

- 1.1.6.6 We acknowledge Management's acceptance of our recommendation. However, the former Comptroller Mr. Rolando K. Woheel informed the GAC at the onset of the Audit that Management did not maintain chart of account during the fiscal period under audit. It appears that the chart of account presented was prepared when the issue was raised and presented in our Management letter. We therefore maintain our recommendation.

1.1.7 Unsupported Disbursements of Gbanipea Gold Mine Disaster Fund

Observation

- 1.1.7.1 Regulation A.3 of the Public Financial Management Act of 2009 states "any public officer concerned with the conduct of financial matters of the government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and used of government stores and inventories shall keep books and accounts and proper records of all transactions and shall produce the book of accounts and records of

transaction for inspection when called upon to do so by the Auditor-General, the Controller General, the relevant internal auditor. A public officer who fails to keep or to produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.3 of Public Financial Management Act of 2009.

- 1.1.7.2 It was observed during the conduct of the audit that out of the total amount of US\$6,000 and L\$962,040 received from the Government of Liberia by the NDMA Management to respond to a gold mine disaster that occurred in Gbanipea, Nimba County, the total disbursements of US\$4,000 and L\$266,040 respectively were not supported by documents such as valid cash receipts and invoices. **See Table 3 for details.**

Table 3 Unsupported disbursements

Date	Payee	Purpose	Voucher #	Amount Advanced A		Supported Amount B		Unsupported Amount C A-B	
				US\$	L\$	US\$	L\$	US\$	LL\$
19/2/2019	Asatu Z. Konneh	5-day intergovernmental response at Gold Pit in Gbonipea	USD-0049	4,000		-0-		4,000	
19/2/2019	Asatu Z. Konneh	5-day intergovernmental response at Gold Pit in Gbonipea	LD-0067		962,040		696,000		266,040
Total				4,000	962,040	-0-	696,000	4,000	266,040

Risk

- 1.1.7.3 Funds intended to enhance the entity effectiveness in addressing disaster could be used for personal gains and the operational expense account could be misstated.

Recommendation

- 1.1.7.4 The NDMA Management should provide substantive justification backed by material evidence for disbursing the total amount of US\$4,000 and L\$266,040 without supporting document.

Management's Response

- 1.1.7.5 *Please find attached as evidence supporting documents, including valid cash receipts and invoices.*

Auditor General's Position

- 1.1.7.6 The receipts provided to support the payments of US\$4,000.00 and LD\$266,040.00 show that the payments were misapplied. The list of items included to be purchased during the preparation of the budget was different from what was purchased as per the receipts provided for review.

1.1.7.7 Additionally, the receipts provided to support the expenditure of LD\$266,040 did not support such amount; there is still a variance of LD\$172,049 which Management should account for. Please see table below.

	Description	Amount L\$
1.	Expenditure Amount	266,040.00
2.	Receipts provided amount	(93,991.00)
3.	Variance	172,049.00

1.1.8 Unsupported Purchased of Power Generator and Accessories

Observation

1.1.8.1 Section 43 (1) of the PPC Act of 2005 as Amended and Restated in 2010 states "The Procuring Entity shall preserve all documentation relating to the procurement proceedings in accordance with applicable rules concerning archiving of Government documentation, but at a minimum it shall be kept for a period of six (6) years following the date of final."

1.1.8.2 Additionally, Regulations P.9 (1) and (2) of the PFM Act of 2009 states(1) "All disbursements or payments of public moneys shall be properly supported by pre numbered payment vouchers.(2) Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".

1.1.8.3 It was observed during the audit that the NDMA Management made total payment of L\$1,328,725.20 for the purchase of a 5KVA generator, wires and cables without evidence of supporting documents such as cash payment receipts and delivery or goods receive notes. **See Table 4 below for details:**

Table 4 Unsupported purchased of power

Date	Payee	Purpose	Voucher #	Amount (L\$)
August 10, 2018	African American Enterprise	Purchase of one 5KVA generator	L\$ 0038	213,150
August 10, 2018	Eagle electrical corporation	Wires and Cables	L\$-0037	231,084
Sep 26, 2018	L'Afrik Polis Fashion & Decoration	Purchase and installation of decorated curtains	L\$-0045	884,491.20
Total				1,328,725.20

Risk

1.1.8.4 Payments without, Receipts and other supporting documents could cast doubt on the regularity of the transactions and could undermine public sector accountability and transparency.

Recommendation

1.1.8.5 The NDMA Management should provide supporting documents for the transactions.

Management's Response

1.1.8.6 *Please see attached supporting documents for the transactions.*

Auditor General's Position

1.1.8.7 The document provided only contained cash payment receipt; Management did not provide other essential transactional documents to validate the transactions such as delivery notes or goods receive notes. We therefore maintain our findings and recommendations. Furthermore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.9 Unrecorded Donor Assets

Observation

1.1.9.1 Regulation G.3 (d) of the PFM Act of 2009 under the caption "Accounting for Donor Funding" states in part "Where loans, grants and donations are receivable in kind, the value of such donations shall be determined and included in the estimates and reflected as expenditure in the financial year."

1.1.9.2 It was observed during the audit that NDMA Management did not reflect in the notes to the financial statements several assets such as computers, printers, projector, cameras and other office materials that were donated by Partners to the Entity. **See Annexure.**

Risk

1.1.9.3 Users of the financial statements will not be able to make informed financial and economic decisions if disclosure notes required to provide the necessary information are missing.

Recommendation

1.1.9.4 NDMA Management should provide material justification for not including the donated assets in the notes to the financial statement.

Management's Response

1.1.9.5 *The NDMA Management did not respond to this observation.*

Auditor General's Position

1.1.9.6 In the absence of Management's response we maintain our recommendation. However, Management's omission of values for the donated assets makes the financial statements inaccurate. Therefore, the NDMA Management is in breach of financial discipline in line with Regulation A.3 of the PFM Act of 2009.

1.1.10 Retirement of Imprest Fund

Observation

1.1.10.1 Regulation Q.9 (1-5) states that "(1) Imprest shall be retired at the close of a financial year and any imprest not so retired shall be adjusted to a personal advance account in the name of the imprest holder making him indebted to the Government. (5) A head of

government agency shall report details of imprest holders who fail to retire their imprest by the due date to the Comptroller-General with a copy to the Auditor-General or the representative of the Auditor General”.

1.1.10.2 It was observed during the audit that out of a total of L\$289,229.60 and US\$ 200.00 advanced as petty cash, a total of L\$119,817 was not retired or liquidated by valid receipts, cash invoices or distribution log. **See tables 5a and 5b below for details:**

Table 5a: Total petty cash advanced for the period

Date	Voucher #	Payee	Description	Amount Advanced	
				US\$	L\$
13-Jul-18	44	Mardea H. Junius	Petty Cash		74,817.39
2-Nov-18	52	Amjah Tunis	Petty Cash		77,755.00
17-Dec-18	61	Amjah Tunis	Petty Cash	200	24,235.00
21-Jan-19	64	Johnette K. Massaquoi	Petty Cash		79,196.21
21-Jan-19	64	Johnette K. Massaquoi	Petty Cash		33,226.00
Total				200	289,229.60

Table 5b: Petty cash that were not liquidated retired by the recipients

Date	Voucher #	Payee	Description	Amt received (L\$)	Amt Unretired (L\$)
1-Sep-18	1	Rosetta L. Gbassay	rat poison for the NDMA office building	1,500.00	1,500.00
27-Aug-18	2	Rosetta L. Gbassay	four pieces of commode puncher for the bathroom	1,000.00	1,000.00
27-Aug-18	3	Rosetta L. Gbassay	six pieces of office broom	1,500.00	1,500.00
8-Oct-18	14	Rosetta L. Gbassay	Purchased of tissue for toilet	1,900.00	1,900.00
8-Oct-18	15	Rosetta L. Gbassay	Purchased of chlorine for the bathroom	1,000.00	1,000.00
17-Oct-18	21	Rosetta L. Gbassay	Purchased of curtain rod for finance office	775.00	775.00
25-Oct-18	25	Rosetta L. Gbassay	Purchased of fuel for operational vehicle	1,765.00	1,765.00
26-Oct-18	30	Rosetta L. Gbassay	Purchased of commode tank and chlorine	6,400.00	6,400.00
30-Oct-18		Rosetta L. Gbassay	Purchased of water for the water dispenser	800.00	800.00
2-Nov-18	1	Rosetta L. Gbassay	Purchased of fuel for operational vehicle	3,075.00	3,075.00
2-Nov-18	2	Rosetta L. Gbassay	fuel for GSA truck for transfer of logistical	6,150.00	6,150.00
8-Nov-18	7	Rosetta L. Gbassay		7,845.00	7,845.00
14-Nov-18	17	Rosetta L. Gbassay	Purchase of gasoline	7,540.00	7,540.00
19-Nov-18	19	Rosetta L. Gbassay	Purchased of PVC glue, 1 inch pipe, 1 inch pipeline	1,500.00	1,500.00
12-Dec-18		Rosetta L. Gbassay-Bowah	Payment of services submersable pump at the NDMA	3,140.00	3,140.00
21-Dec-18		Rosetta L. Gbassay-Bowah	Purchased of curtain for the temporary warehouse	3,000.00	3,000.00
13-Nov-18	13	Rosetta L. Gbassay	Purchased of fuel to run the generator	3,075.00	3,075.00
15-Feb-19		Rosetta L. Gbassay -Brown	Printing of Jackets (8pcs)	5,400.00	5,400.00
Sub-total (Rosetta L. Gbassay)				57,365.00	57,365.00
15-Oct-18	17	Abraham J. Paasewe	Purchased of recharge cards for internet modern	3,080.00	3,080.00
20-Oct-18	26	Abraham J. Paasewe	Purchased of two ledger book for procurement office	1,550.00	1,550.00
25-Oct-18	27	Abraham J. Paasewe	Entertainment of the three executive	7,742.00	7,742.00
Sub-total (Abraham Paasewe)				12,372.00	12,372.00
4-Oct-18	12	Archivego M. Doe	Media coverage at the certification of trainees at the IMT	7,750.00	7,750.00
5-Nov-18	3	Archivego M. Doe	Reinbursement for talk show for Hon. Augustine Tamba	1,500.00	1,500.00
Sub-total (Achievego Doe)				9,250.00	9,250.00
26-Nov-18	20	Maria Q. Kerpuah	Purchased of scratch cards for internet modern	1,700.00	1,700.00
26-Nov-18	21	Maria Q. Kerpuah	To facilitate operations between MIA, MFDP and CBL	1,800.00	1,800.00
26-Sep-18	10	Maria Q. Kerpuah	To facilitate operations between NDMA and MFDP	5,000.00	5,000.00
8-Nov-18	9	Maria Q. Kerpuah	Photocopy 15 pcs of NDMA Act and vouchers	5,900.00	5,900.00
Sub-total (Maria Q. Kerpuah)				14,400.00	14,400.00
1-Oct-18	11	Asatu Z. Konneh	birthday card for the president George M. Weah	350.00	350.00
5-Nov-18	4	Asatu Z. Konneh	Transportation to take eleven letter for board meeting	750.00	750.00
8-Nov-18	8	Asatu Z. Konneh	Purchased water and snacks for board meeting	7,520.00	7,520.00
Sub-total (Asata Z. Konneh)				8,620.00	8,620.00
25-Sep-18	8	M. Amjah Tunis	five brown A4 size envelopes	200.00	200.00
26-Sep-18	9	Saybanic D. Bushmail	scratch cards	1,500.00	1,500.00
8-Nov-18	6	Jemima D. Garneo	fuel for ED to attend cabinet meeting in Margibi	3,480.00	3,480.00
14-Nov-18	16	Abuboakai Kiawen	Purchase internet for deputy ED Administration	4,680.00	4,680.00
7-Feb-19		Alice Sengbeh	purchased of 1000 gallons of water	6,400.00	6,400.00
16-Oct-18	19	Darius A. Yonly	battery for PA System on Int'l disaster reduction day	1,550.00	1,550.00
Sub-total				17,810.00	17,810.00
Grand Total				119,817.00	119,817.00

Risk

1.1.10.3 The failure by Management to retire imprest fund received could undermine the legitimacy of the transactions.

Recommendation

1.1.10.4 Management should provide substantive justification for failing to retired imprest fund totaling L\$119,817.00

Management's Response

1.1.10.5 *The NDMA Management did not respond to this observation.*

Auditor General's Position

1.1.10.6 In the absence of a response by Management, we maintain our finding and recommendations. Therefore, all the staffs that received the advances should account for the unretired advances. Furthermore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.11 Third Party Payment

Observation

1.1.11.1 Regulation B.28 of the PFM Act states that 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.

1.1.11.2 It was observed during the audit that there was no evidence that the amount of L\$34,100 disbursed to the Director of Communication for media coverage and water was received by the beneficiaries or the authorized representatives. **See Table 6 below for details:**

Table 6: Third Party Payment in the name of the Communication Director

Date	Payee	Description	Voucher #	Check #	Amount (L\$)
Oct 10, 2018	Achievego Doe	Media Coverage and purchase of water	LD-0048	63	34,100

Risk

1.1.11.3 Funds intended for the procurement of goods and services could be misappropriated when Payments are made in the names of employees/third party instead of the vendors or service providers.

Recommendation

1.1.11.4 The Management of NDMA should provide material justification for making payment of L\$34,100 to the Communication Director instead of the service providers.

Management's Response

1.1.11.5 *The NDMA Management did not respond to this observation.*

Auditor General's Position

1.1.11.6 In the absence of a response by management, we maintain our finding and recommendations. Therefore, the Communications Director should account for the amount. Furthermore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.12 Overpayment for Printed Materials

Observation

1.1.12.1 Regulation B.30 of PFM Act of 2009 states that "if any expenditure is made in excess of the amounts actually due, the overpayment shall be recovered immediately and paid into government Revenue Account. The officer concerned shall report the circumstances immediately to the head of Government agency or the appropriate authority".

1.1.12.2 It was observed during the audit that the NDMA Management made total payment of L\$231,892.13 to Vision Printz, Inc for printed material which resulted to an overpayment of L\$17,838. There was no evidence to indicate that the NDMA Management made effort at recovering the overpaid amount. **See Table 7 below for details**

Table 7 Overpayment of printed materials

Date	Payee	Purpose	Voucher #	Invoice Amount (A) L\$	Withholding tax (B) L\$	Amount Payable net of tax C = (A-B) L\$	Total amount paid D= A+B L\$	Total Overpayment E=(D-B) L\$
Sep 27, 2018	Vision Printz	Printing of brochures, stickers & banners	LD0046	222,973.20	8,918.93	214,054.27	231,892.13	17,838.00

Risk

1.1.12.3 The overpayment could deprive the entity of needed funds to support other expenditure lines.

Recommendation

1.1.12.4 The Management of the NDMA should recover the overpayment from Vision Printz.

Management's Response

1.1.12.5 *Management notes the observation but was no overpayment to vision printz, Inc.*

Auditor General's Position

1.1.12.6 We acknowledge Management's acceptance of our recommendation. However, the NDMA Management did not provide any explanatory notes or evidence that there was no overpayment. Therefore, we maintain our recommendations. Management should account for the full amount of L\$17,838.00 which was over paid to Vision Printz.

1.2 Governance Issues

1.2.1 Lack of a functional Board of Directors

1.2.1.1 Section 3.4 (a) of the NDMA Act states that "the Board shall meet as often as necessary for the discharge of its functions but no less than once per quarter.

1.2.1.2 During the fiscal period under audit, we observed that there was no evidence that the Board of Directors was functional and active as a policy making and oversight body of the

NDMA. There was no meeting minutes of the Board, no proof of Board approval of policies and major decisions taken by NDMA management.

Risk

- 1.2.1.3 In the absence of a functional Board, Management may take action in its own interest and major policy documents may lack the appropriate authority for enforcement.

Recommendation

- 1.2.1.4 The Board Chairman and the Board Secretary should institute appropriate actions to revitalize the Board and encourage members to take keen interest in the governance of the NDMA.
- 1.2.1.5 The Board should meet at least once every quarter to deliberate on matters concerning the NDMA. The Board should also facilitate the approval of key policy documents and procedures manual for the agency.

Management's Response

- 1.2.1.6 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.1.7 In the absence of a response by management, we maintain our finding and recommendations.

1.2.2 Organizational Chart

Observation

- 1.2.2.1 The Commission on Sponsoring Organization (COSO) of the Treadway Commission Framework requires board's oversight responsibilities including providing advice and direction to management, constructively challenging management, approving policies and transactions, and monitoring management's activities. Consequently, the board of directors is an important element of internal control. The board and senior management establish the tone for the organization concerning the importance of internal control and the expected standards of conduct across the entity
- 1.2.2.2 It was observed during the audit that the NDMA Management did not have an approved organization chart to depict approved hierarchical structure/chain of command of the entity and line of reporting.

Risk

- 1.2.2.3 The absence of an approved organizational chart could lead to confusion in the delegation of duties, authority and responsibilities at the expense of the NDMA.

Recommendation

- 1.2.2.4 The Board of Directors should ensure that management develops and present an

organizational chart best fit for the NDMA. Such chart should be reviewed and approved by the Board to serve as an authoritative instrument showing the hierarchal structure of the entity depicting clear line of authority and responsibility.

Management's Response

The NDMA management did not respond to this observation.

Auditor General's Position

- 1.2.2.5 In the absence of a response by management, we maintain our finding and recommendations. We will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

1.2.3 Unapproved Policy Documents

Observation

- 1.2.3.1 According to COSO Internal Control Framework on Control Environment, the Board is an integral oversight function of an entity. As such, the Board should lead the process of policy making and ensuring that policies are approved to them enforceable.
- 1.2.3.2 It was observed during the audit that several documents such as operational procedure manuals for the Finance Section, HR, ICT and Procurement were not approved. They are all still in their draft.

Risk

- 1.2.3.3 Working with unapproved policy documents could become difficult to enforce when said document is challenged before management and in the court of law.

Recommendation

- 1.2.3.4 The Board of Directors should ensure that all policy documents are approved so as to avoid future legal challenge.

Management's Response

- 1.2.3.5 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.3.6 In the absence of a response by management, we maintain our finding and recommendations. We will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

1.2.4 Assets Register

Observation

- 1.2.4.1 Regulation V.1 (2) of the PFM Act of 2009 states that "The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that:(a) preventive mechanisms

are in place to eliminate theft, losses, wastage and misuse; And (b) inventory levels are at an optimum and economical level”.

- 1.2.4.2 It was observed during the audit that the NDMA Management did not maintain a comprehensive Fixed Assets Register (FAR) that would show series number, date of purchase, cost, location, current condition and disposal history.

Risk

- 1.2.4.3 In the absence of a comprehensive Fixed Asset Registry, the ownership and the existence of the assets could not be assured and could easily be susceptible to theft.

Recommendation

- 1.2.4.4 The NDMA Management should develop a comprehensive Fixed Asset Register and record all assets acquired or donated to the institution and ensure that it is regularly updated.

Management’s Response

- 1.2.4.5 *The NDMA acknowledged your observation. But the NDMA inherited a list of assets from the ministry of internal affairs without a date of purchase and coding. The NDMA management contacted GSA for coding of the assets including the new purchase as well as donated items. See attached assets Registry.*

Auditor General’s Position

- 1.2.4.6 We acknowledge Management’s acceptance of our recommendation. We will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

1.2.5 No clearly defined Petty Cash Custodian

- 1.2.5.1 Regulation Q.6 of the PFM Act of 2009 requires the head of government agency in the Government Agency’s accounting manual to specify officers, designated by post, who may hold imprest and their authorised cash balances.
- 1.2.5.2 Furthermore, Regulation Q.5 of the PFM Act also states that “the duties of Imprest Holder to ensure: (a) the imprest issued to him or her is wholly and exclusively for the purpose for which it is issued. (b) The imprest moneys and any payment vouchers awaiting recoupment are adequately safeguarded at all times. (c) Proper receipts are received for all payments out of the imprest (d) The full amount of the imprest can be accounted for at all times in cash, stamps, money at bank and completed payment vouchers”.
- 1.2.5.3 It was observed during the fiscal period under audit that there were several employees who served as petty cash custodians instead of specified holder of the petty cash fund with delegated responsibility. Also, there was no evidence of a documented policy and procedure established for the management of petty cash fund. **See Table 8 below for details:**

Table 8: Employees that served as petty cash custodians during the fiscal period.

Date	Voucher #	Payee	Description	Amount Advanced	
				US\$	L\$
13-Jul-18	44	Mardea H. Junius	Petty Cash		74,817.39
2-Nov-18	52	Amjah Tunis	Petty Cash		77,755.00
17-Dec-18	61	Amjah Tunis	Petty Cash	200	24,235.00
21-Jan-19	64	Johnette K. Massaquoi	Petty Cash		79,196.21
21-Jan-19	64	Johnette K. Massaquoi	Petty Cash		33,226.00
Total				200	289,229.60

Risk

- 1.2.5.4 In the absence of a designated petty cash custodian, it could be difficult to hold a staff responsible in the event of mismanagement of the fund.
- 1.2.5.5 In the absence of a documented policy to manage petty cash fund it could be subject to personal use and abuse.

Recommendation

- 1.2.5.6 *The NDMA Management should develop a policy to guide the management of petty cash fund.*
- 1.2.5.7 Management should delegate the responsibility to manage the petty cash to a particular staff as the fund custodian. The custodian should also be the preparer of the replenishment report and the petty cash voucher and should ensure that all advances are fully retired or recouped from payees who failed to retire the fund.

Management's Response

- 1.2.5.8 The NDMA Management did not respond to this observation.

Auditor General's Position

- 1.2.5.9 In the absence of a response by management, we maintain our finding and recommendations. The NDMA management is in breach of Regulation Q.6 of the PFM Act of 2009. Furthermore, we will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

1.2.6 No approved payment request for disbursement of petty cash

- 1.2.6.1 Regulation P.9 (2) of the PFM Act of 2009 requires that payments except for statutory transfers and debt service, shall be supported by invoices, bills and other documents in addition to the payment vouchers
- 1.2.6.2 It was observed during the audit that there was no evidence that the preparation of several petty cash disbursement vouchers were informed by pre-approved payment request from an appropriate level of Management to trigger the preparation of the petty cash voucher. In some cases, the petty cash voucher was the only supporting document for the disbursement of the fund.

Risk

- 1.2.6.3 Petty cash fund could be disbursed without appropriate authorization.

Recommendation

- 1.2.6.4 Petty cash custodian should raise disbursement voucher only upon receipt of an approved payment request.
- 1.2.6.5 NDMA management should establish a process whereby payments are processed based on approved payment requests accompanying all petty cash vouchers.

Management's Response

- 1.2.6.6 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.6.7 In the absence of a response by Management, we maintain our findings and recommendations. However, Management is in breach of financial discipline in line with Regulation A. 20 of the PFM Act of 2009.

1.2.7 Petty cash vouchers not serially pre-numbered

Observation

- 1.2.7.1 Regulation P.9 (1) of the PFM Act of 2009 requires that all disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers.
- 1.2.7.2 It was observed during the audit that petty cash vouchers for the period were not serially pre-numbered. As a result, the petty cash replenishment reports lacked unique numbering that could enable cross referencing.

Risk

- 1.2.7.3 In the absence of serially pre-numbered voucher system, petty cash payments could be duplicated thereby resulting to the loss of funds.

Recommendation

- 1.2.7.4 Management should ensure that petty cash vouchers are serially numbered to enhance easy referencing.

Management's Response

- 1.2.7.5 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.7.6 In the absence of a response by management, we maintain our finding and recommendations. Further, the NDMA Management is in breach of financial discipline in line with Regulation A. 20 of the PFM Act of 2009.

1.2.8 Audit Committee

Observation

- 1.2.8.1 Section 1(K.10) of the Public Financial Management Regulations of 2009 states "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."
- 1.2.8.2 It was observed during the audit that the NDMA Management provided no evidence that a functional audit committee existed at the Institution to review internal controls, the scope of internal audit; internal audit plans and ensure that internal and external audit findings are evaluated and implemented.

Risk

- 1.2.8.3 In the absence of a functional audit committee, Internal and external audits recommendations may be undermined in that, findings and recommendations of audits report may not be taken seriously or implemented.

Recommendation

- 1.2.8.4 The NDMA Management should establish a functional audit committee to review internal controls, the scope of internal audit; internal audit plan and ensure that internal and external audit findings are evaluated and implemented.

Management's Response

- 1.2.8.5 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.8.6 In the absence of a response by Management, we maintain our finding and recommendations. However, Management is in breach of financial discipline in line with Regulation A. 20 of the PFM Act of 2009.

1.2.9 Internal Audit Unit

Observation

- 1.2.9.1 Regulation J.3 (1) of the PFM Regulations states that "there shall be established in each government agency or institution an Internal Audit Unit which shall constitute a part of that institution."
- 1.2.9.2 It was observed during the audit that the NDMA Management did not provide evidence that an Internal Audit unit was established during the period under review to provide assurance on the effectiveness and efficiency of the institution risk management processes.

Risk

- 1.2.9.3 The non-existence of internal audit Unit could create drawback to the institution's attainment of its risk management.

Recommendation

- 1.2.9.4 The NDMA Management should put in place an Internal Audit Unit to provide assurance to Management on the effectiveness and efficiency of the Entity's risk management processes.

Management's Response

- 1.2.9.5 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.2.9.6 In the absence of a response by management, we maintain our finding and recommendations. We will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

1.3 Internal Control Related Issue

1.3.1 Risk Management Policy and Report

Observation

- 1.3.1.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risk that are meaningful to the organization objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.
- 1.3.1.2 It was observed during the audit that there was no evidence that the NDMA Management has developed a risk management policy to guide internal and external risks that could impact the achievement of the institution's objectives.

Risk

- 1.3.1.3 The absence of a risk management policy could lead to management not being aware of potential risks that may affect the operations of the institution.

Recommendation

- 1.3.1.4 The NDMA Management should put in place a risk management policy to guide internal and external risks that could impact the achievement of the institution's objectives.

Management's Response

- 1.3.1.5 *The NDMA management did not respond to this observation.*

Auditor General's Position

- 1.3.1.6 In the absence of a response by management, we maintain our finding and recommendations. We will make a follow-up on the implementation of our recommendations in subsequent audit of the NDMA.

ANNEXURES

Annexure: Unrecorded Donor Assets

NO	ITEMS	DESCRIPTION	QUANTITY	DONATED BY	DEPARTMENT	SERIAL #	GSA. CODE	DATE
1	Cannon Camera	EOS REBEL T6	1	UN WOMEN	Communication		31207085574	
2	Printer	Canon-220-24w	1	UNDP	Maintaince	140845-11	UNCODED	
3	Dell Laptop	Dell Latitude 7000 7280 Business Ultrabook-12.5" gorilla Glass FHD(1920X1080),INTEL12-7600U,512GB SSD,16GB DDR4,BACKLIT KEYS, FP READER,WINDOWS 10 PRO.	1	UN WOMEN	Planning			
4	Projector	300 ansi lumens with lence	1	UN Women	FIANACE		Uncoded	
5	Cabinet	Book shelf	1	UN Women	DEDO		GSA-BS-420-	
6	Chair	Executive	1	UN-WOMEN	GENDER		GSA-EC-420-3	
7	Chair	Executive	1	UN-WOMEN	GENDER		GSA-EC-420-1	
8	Paper Shredder	Good	1	UN-WOMEN	GENDER		GSA-GDC-600-1	
9	Printer	Hp PRO 400 Multi-function	1	UN-WOMEN	GENDER		GSA-CM-600-1	
10	Desk	Regular	1	UN-WOMEN	GENDER		GSA-CD-420-1	
11	Desk	Regular	1	UN-WOMEN	GENDER		GSA-CD-420-2	
12	Desk	Regular	1	UN-WOMEN	GENDER		GSA-CD-420-3	
13	Desk	Regular	1	UN-WOMEN	GENDER		GSA-CD-420-4	
14	Chair	Plastic	1	UN-WOMEN	GENDER		GSA-PC-420-1	
15	Chair	Plastic	1	UN-WOMEN	GENDER		GSA-PC-420-2	
16	Chair	Plastic	1	UN-WOMEN	GENDER		GSA-PC-420-3	
17	Chair	Plastic	1	UN-WOMEN	GENDER		GSA-PC-420-4	
18	Fan	Duracon	1	UN-WOMEN	GENDER		GSA-SF-031-1	
19	Cabinet	Book shelf	1	UN-WOMEN	GENDER		GSA-BS-420-1	
20	Cabinet	Book shelf	1	UN-WOMEN	GENDER		GSA-BS-420-2	
21	Chair	Semi executive	1	UN-WOMEN	GENDER		GSA-CD-420-1	
22	Chair	Semi executive	1	UN-WOMEN	GENDER		GSA-CD-420=2	

*Management Letter on the Financial Statements Audit of the
National Disaster Management Agency (NDMA)
For Fiscal Year Ended June 30, 2019*

NO	ITEMS	DESCRIPTION	QUANTITY	DONATED BY	DEPARTMENT	SERIAL #	GSA. CODE	DATE
23	Computer	Dell	1	UN-WOMEN	GENDER	C2FOH72	GSA-CDC-MTL-297-1	
24	Computer	Dell	1	UN-WOMEN	GENDER	DT74J72	GSA-CDC-MTL-297-2	

