



## Management Letter

### On The Audit of the Liberia Institute of Public Administration (LIPA) Financial Statement

*For the Period July 1, 2016 to June 30, 2017*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
December 2020

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### Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
BEP	Bid Evaluation Penal
CBL	Central Bank of Liberia
CDF	County Development Fund
CGMA	Certified Global Management Accounting
COSO	Committee of Sponsoring Organizations
CPA	Certified Public Accountant
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
INTOSAI	International Organization of Supreme Audit Institutions
L\$	Liberian Dollars
LBDI	Liberia Bank for Development & Investment
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concessions Act
PPCC	Public Procurement and Concessions Commission
US\$	United States Dollar
ISSAIs	International Standards of Supreme Audit Institutions
CPA	Certify Public Accountant
CFE	Certify Fraud Examiner
CGMA	Chartered Global Management Accountant
DAG	Deputy Auditor General
COSO	Committee of Supporting Organization of the Treadway Commission
MFDP	Ministry of Finance & Development Planning
USAID	United State Agency for International Development



December 17 2020

Hon. Alexander B. Yonly  
Director General  
Liberia Institute of Public Administration  
Republic of Liberia

Dear Hon. Yonly:

The Financial Statements of the Liberia Institute of Public Administration (LIPA) are subject to audit by the Auditor General (AG) consistent with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

### **Introduction**

The Audit of the Financial Statements of the LIPA for the fiscal periods 2016/17 have been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

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

The Financial statement of the Liberia Institute of Public Administration for the fiscal years 2016/17 are subject to audit by the Auditor-General (AG) consistent with the AG's mandate as provided for in section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

### **An audit involves;**

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

- Assessment of the accounting principles used and significant estimates made by Management; and
- Evaluation of the overall financial statements presentation

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

The matter mentioned in this Management 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 matter and/or weaknesses that were not identified.

The Financial statements, maintenance of effective control measures and compliance with laws and regulation are the responsibility of the Management of the LIPA. Our responsibility is to express an opinion on these financial statements.




### **Key Personnel of the Commission**


During the periods under audit, the following key persons managed the affairs of the entity. See detailed below;

<b>No</b>	<b>Name</b>	<b>Position</b>	<b>Tenure</b>
1.	Oblayon Nyema	Director General	2016-2017
2.	Florence Geeplay	Deputy Director General	2016-2017
3.	Lona Harmon	Comptroller	2016-2017

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and Staff of Liberia Institute of Public Administration during the audit. The audit findings where were identified during the course of the audit are identified below

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



**Monrovia, Liberia**

December 2020



## 1 FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Revenue Irregularity

##### Observation

1.1.1.1 Regulation A.3 (1) of the Public Financial Management Act states that any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General.

1.1.1.2 It was observed during the conduct of the audit that total revenue reported in the LIPA Financial Statements did not agree to cash book presented for audit. The amount was also traced to the entity designated bank account for internally generated and variances were noted. **See Table 1 for details.**

**Table: 1 Inconsistency in Internally General Revenues**

Description	Financial Statement Amount (US\$) A	Amount Captured from the Bank Statement (US\$) B	LIPA Cash Book Balance (US\$) C	Variance (US\$) A-B	A-C
Training & Facilitation fees	159,275.00				
Course fees	255,248.00				
Facility Rental Income	2,289.00				
Other Income	17,146.00				
Application Form Sales	8,445.00				
Transfer Made To LIPA	11,272.00				
Bank Statements Amounts		552,944	340,101	-2,187	215,030
<b>Total</b>	<b>555,131.00</b>	<b>552,944</b>	<b>340,101</b>	<b>-2,187</b>	<b>215,030</b>

##### Risk

1.1.1.3 The accuracy and the completeness of the financial statements cannot be assured.



### Recommendation

1.1.1.4 The management of Liberia Institute of Public Administration (LIPA) should provide substantive justification for the differences noted.

### Management's Response

1.1.1.5 Management did not respond this observation.

### Auditor General's Position

1.1.1.6 In the absence of Management's response, we maintain our findings and recommendation. Going forward, Management should ensure that revenue reported are accurately disclosed and supported by adequate documentation and proper books of account. Further, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act of 2009.

## 1.1.2 Allowance Irregularities

### Observation

1.1.2.1 Regulation A.3 (1) of the Public Financial Management Act states that any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General.

1.1.2.2 It was observed during the conduct of the audit that total expenditure reported for General and Special allowances and basic salaries per the entity's financial Statements did not agreed to the vouches presented for audit and the actual amount reported by the Ministry of Finance, Development Planning (MFDP) Outturn Report, the entity failed to provide a final trial balance or a general ledger. **See Table 2 for details**

**Table: 2 Allowances**

Description	Financial Statement Amt. (US\$) A	Allowances Vouchers Presented during the Audit B	MFDP Fiscal Outturn Report C	A-B = D	Variance (US\$) A-C = E
General Allowance	380,739.00	409,203.68	462,848	-28,464.68	82,109
Basic Salaries	164,187.00	0.00	0.00	164,187.00	.00
Special Allowance	224,167.00	329,407.80	220,125	-105,240.80	4,042
<b>Variance</b>	<b>769,093.00</b>	<b>738,611.48</b>	<b>682,873</b>	<b>30,481.52</b>	86,151



### **Risk**

1.1.2.3 The accuracy and completeness of the financial statements cannot be assured.

### **Recommendation**

1.1.2.4 The management of LIPA should provide clarification for the variance noted.

### **Management's Response**

1.1.2.5 *Usually at the end of fiscal periods, MFDP and LIPA do not sit to reconcile their books to verify any variance at the end of the period as there can be some transfer made to the allowances line after the approval of the budget.*

### **Auditor General's Position**

1.1.2.6 Management did not adequately address the issues raised. Management is responsible to accurately record and disclosed funding received from MFDP of account. Going forward, Management should ensure that revenue reported are accurately disclosed and supported by adequate documentation and proper books of account. Therefore, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act, 2009.

## **1.1.3 Unauthorized Expenditure**

### **Observation**

1.1.3.1 Regulation B8 (1-2) of the PPCC states that "(1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".

1.1.3.2 (2) A Government agency that has legislative approval to retain all or a portion of Internally Generated Funds collected, must first lodge the retained Internally Generated Funds in gross into the Government agency's operational bank account before using the Government agency's disbursement process to spend it.

1.1.3.3 It was observed during the conduct of the audit that the Liberia Institute of Public Administration (LIPA) obtained internally generated revenues US\$ 555,131.00 (Five Hundred Fifty Five Thousand One Hundred Thirty One) and expended US\$457,754.00 of said amount during the period under audit. There was no evidence that giving the entity the approval to retain portion of the internally revenue generated.

### **Risk**

1.1.3.4 Revenue generated by the entity could be miss apply or be diverted to personal use





### **Recommendation**

- 1.1.3.5 The management of Liberia Institute of Public Administration (LIPA) should provide substantive authority to use internally generated revenue.

### **Management's Response**

- 1.1.3.6 *The current accounts were the internally generated funds are being deposited were approved by the Accountant and Comptroller General of the Republic of Liberia. Before any account is opened, LIPA usually write the Accountant and Comptroller General for approval.*

### **Auditor General's Position**

- 1.1.3.7 Management did not address the issue raised, going forward, Management should ensure that it obtains Legislative approval to retain all or a portion of the internally generated revenue collected as per the PFM act. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

## **1.1.4 Cash Transferred without source document**

### **Observation**

- 1.1.4.1 Regulation A.3 (1) of the Public Financial Management Act states that any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General.
- 1.1.4.2 It was observed during the conduct of the audit that the LIPA Management received a cash transfer amounting to US\$112,728.00 (One hundred twelve thousand, seven hundred twenty-eight United States Dollars) as a component of internally generated revenues without evidence of the source of the transfer.

### **Risk**

- 1.1.4.3 The absence of documented evidence to authenticate the receipt of the above-mentioned amounts could cast doubt on the authenticity of the transaction.

### **Recommendation**

- 1.1.4.4 The management should provide the necessary documentation for the transfer.

### **Management's Response**

- 1.1.4.5 *During the fiscal year 2016/2017, LIPA was implementing several projects for the United Nations Mission in Liberia (UNMIL) in favor of several Government Ministries, Agencies and Commissions (MACs) for which series of transfers were made to LIPA's account to implement these projects activities.*



### **Auditor General's Position**

1.1.4.6 Management's assertion is not supported by any documentary evidence. Management is responsible to accurately account for funds received. Going forward, Management should ensure that funds received are accurately disclosed and supported by adequate documentation and proper books of account. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

### **1.1.5 Undisclosed Bank Account**

#### **Observation**

1.1.5.1 Regulation I. 19 of the PFM Act of 2009 states that "The Responsibility of the Auditor-General for examining and certifying government accounts does not relieve any officer responsible for keeping and rendering such accounts from the duty to comply and to ensure that subordinates comply with provisions of any enactment, these regulations and with any instructions or directions issued under them."

1.1.5.2 It was observed during the conduct of the audit that the Management of LIPA did not disclose its International Bank Account #00121979770690102 in its financial statements although said bank account was discovered during the prior year audit.

1.1.5.3 We noted that the LIPA Management made several withdrawals from the account amounting to **US\$ 7,050.00 (Seven thousand, fifty United States Dollars)** during the period under audit.

#### **Risk**

1.1.5.4 The accuracy and completeness of the financial statements could be in doubt in the absence of entity's bank accounts.

1.1.5.5 The revenue of the entity could be under or overstated without the full disclosure of all its banks accounts.

#### **Recommendation**

1.1.5.6 The LIPA Management should provide substantive justification for not disclosing all its bank accounts in its financial statement.

#### **Management's Response**

1.1.5.7 *Management did not respond to this observation.*

#### **Auditor General's Position**

1.1.5.8 Given the nature of this transaction, we refer this matter to the Liberia Anti-Corruption Commission for further investigation.



### 1.1.6 Petty Cash

#### Observation

- 1.1.6.1 PFM Regulation B.33, section 4 states that “in terms of this regulation, the maximum amount that may be held as petty cash in any one calendar month is the equivalent of United States Dollars Two hundred dollars (US 200.00).”
- 1.1.6.2 Additionally, section 5.1 paragraph (4) of LIPA financial management policies and procedure manual states “The maximum amount that may be held as petty cash in any one calendar month is the equivalent of US\$200.00 ”.
- 1.1.6.3 It was observed during the conduct of the audit that the LIPA management did not comply with the petty cash regulation.
- 1.1.6.4 We noted that the petty cash replenishment request far exceeded the required threshold set by the PFM regulation and LIPA financial management policies and procedure manual. **See Table: 3 below.**

**Table: 3 Deviations Noted from Petty Cash Regulation**

No.	Date	Transaction Details	Voucher Numbers	Check Numbers	LIPA Amounts A (US\$)	GOL Approved Amount B (US\$)	Variance (A-B) (US\$)
1	3/27/2017	Payment for Petty Cash Replenishment for the office of the Director General	125	85330	300.00	200.00	100.00
2	12/2/2016	Payment for Petty Cash Replenishment	4	214514	995.00	200.00	792.00

#### Risk

- 1.1.6.5 No-adherence to the PFM regulation on petty cash could lead to discretionary spending.

#### Recommendation

- 1.1.6.6 The LIPA Management should account and provide material justification for the excess of petty cash requested from the coffers.
- 1.1.6.7 Management should ensure adherence to regulation B.33 of the PFM Act, 2009 regarding the management of petty cash.



### Management's Response

1.1.6.8 During the review of the past petty cash documents, it was observed that previous management was not cognizant of petty cash policy thereby leading them to overstating the petty cash amount. Meanwhile, current management has stated following the policy as it enshrined in the PFM Regulation.

### Auditor General Position

1.1.6.9 We acknowledge Management's acceptance of our recommendation; however, Management should account for the excess petty cash, further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

### 1.1.7 Bank Reconciliation

#### Observation

1.1.7.1 Regulation R3 of the PFM Act 2009 provides that "the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof."

1.1.7.2 Also, Section 4.5 of LIPA Financial and Procedures Manual also states that bank reconciliation shall be prepared for all bank accounts on monthly basis. All bank reconciliation statements shall be completed by an accountant within two weeks of receiving the bank statement. All completed bank reconciliation statements shall be reviewed by one of the following: Financial Accountant, management Accountant or Comptroller. The reviewers shall initial the bank reconciliation statement to ensure evidence of review.

1.1.7.3 It was observed during the conduct of the audit that there was no evidence that the management of LIPA prepare bank reconciliations for bank accounts maintained for the entire period under audit. **See table: 4 below.**

**Table: 4. Bank Accounts**

LIPA BANK ACCOUNTS		
Name of bank	Currency	A/C#
Liberia Bank for Development & Investment	LRD	002LRD21915719103
Liberia Bank for Development & Investment	LRD	002LRD40415719106
Liberia Bank for Development & Investment	USD	002USD21515719103
Liberia Bank for Development & Investment	USD	002USD21515719106
GNBANK	USD	11201493001
Central Bank of Liberia	LRD	0120630011300
Central Bank of Liberia	USD	0220630011300
INTERNATIONL BANK Liberia (Limited)	USD	0012197070690102



**Risk**

1.1.7.4 Errors in the bank statement or cashbook may not be detected and corrected on time.

**Recommendation**

1.1.7.5 The management of the LIPA should provide justifiable reason why there were no reconciliation performed on the various accounts monthly.

**Management's Response**

1.1.7.6 *The finance section usually prepares bank reconciliation for LIPA's accounts at every month, but it has been observed that the banks most times delay in making the bank statements available to enable the speedy preparation of the bank reconciliation.*

**Auditor General's Position**

1.1.7.7 Management did not adequately address the issue raised. Going forward, Management should ensure that bank reconciliation statements are prepared, reviewed and approved by a senior level officer on a timely basis. Therefore, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

**1.1.8 Payroll Irregularities**

**Observation**

1.1.8.1 Regulation T.5 (1) of PFM Act, 2009 states that " A Head of government agency shall cause the immediate stoppage of payment of salary to a public servant when that public servant has: (a) been absent from duty without permission or reasonable cause for a period as stipulated in the administrative regulations of the establishment; (b) been absent from duty on leave without pay; (c) been convicted of an offence involving theft or fraud, or a sentence of imprisonment; (d) resigned; (e) retired; or (f) died."

1.1.8.2 It was observed during the conduct of the audit that the GOL paid an annual gross salary of L\$253,745.00 (Two Hundred Fifty-Three Thousand Seven Hundred Forty-five Liberian Dollars) to employees who have resigned, died but was kept on the payroll over the stipulated time.

1.1.8.3 Additionally, there was no evidence that the management of LIPA communicated to the Civil Service Agency of employees who have died or resigned as require. **See table 5a-5c below:**

**Table 5a: Employees who resigned and still being maintained on the payroll.**

No.	Name	Payroll #	Gross	Date Resigned	Months' Salary was received	Total Gross
1	Williemena P. Appleton	13-03-266-1000	13,600.00	16-Jul- 2016	Aug. Sept. Oct, Nov. and Dec.	68,000.00
2	Tiaweh Tyee Jr.	13-03-003-	14,000.00	2015	Jul. Aug. Sept. Oct, Nov.	84,000.00



No.	Name	Payroll #	Gross	Date Resigned	Months' Salary was received	Total Gross
		0011			and Dec.	
3	M. Mariama Kamara	13-01-599-5040	17,100.00	23-Sept-2016	Oct. Nov. and Dec.	51,300.00
<b>Grand Total</b>						<b>203,300</b>

**Table:5c. Employee who died and still being maintained on the payroll.**

No.	Name	Payroll #	Gross	Date of Death	Months' Salary was received	Total Received
1	Budu S. Sherman	13-02-003-0025	16,815.00	2-Jun-2016	Oct. Nov. and Dec.	50,445.00
<b>Total</b>						<b>50,445.00</b>

### **Risk**

1.1.8.4 Paying salaries to employees who died or with no evidence of work and attendance could result to unjust payment of salaries to ghost employees.

### **Recommendation**

1.1.8.5 The management of LIPA should provide material justification for paying salaries to employees who have resigned and do not report to work.

1.1.8.6 Management should ensure that payroll originates from the Human Resources Department, where reconciliation should be performed with attendances logs and other necessary records, prior to submission to the applicable department for payment monthly to ensure that those who work ate being paid.

### **Management's Response**

1.1.8.7 *LIPA's Management usually writes the CSA to act in accordance with the CSA standing Order for deletions in areas of death, retirement and dismissal using the Personnel Action Notice (PAN).*

### **Auditor General's Position**

1.1.8.8 Management's assertion is not supported by any documentary evidence. Management should ensure that payroll originates from the Human Resources Department, where reconciliation should be performed with attendance logs and other necessary records before monthly salaries are paid. Therefore, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act of 2009.

## **1.1.9 Payments without adequate Supporting Documentation**

### **Observation**

1.1.9.1 Regulation P.9 (2) of the Public Financial Management (PFM) of 2009 states that, "Payments



except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers”.

### **Observation**

1.1.9.2 It was observed during the conduct of the audit that the Management of LIPA made payments amounting to **US\$ 140,312.60** (One hundred forty thousand Three hundred twelve dollars and sixty cents) and **L\$ 1,257,700.00** (One million two hundred fifty-seven thousand Liberia Dollars) which was not supported by payment vouchers.

1.1.9.3 Furthermore, it was observed that the management of LIPA made payment for various items in the amount of **US\$ 40,482.00** (forty thousand four hundred eighty-two United State Dollars) extracted from the bank statements without adequate supporting documentation. **See Annexure 1a & 1b.**

### **Risk**

1.1.9.4 Payments without adequate supporting documentation could cast doubt on the regularity of the transactions and undermine public sector accountability and transparency.

### **Recommendation**

1.1.9.5 The management of the Liberia Institute of Public Administration (LIPA) should provide the necessary supporting documentation for these transactions.

### **Management’s Response**

1.1.9.6 *The term used “extracted from the bank statement” however is not clear and therefore need further clarity. Based on our assessment, we have located some vouchers.*

### **Auditor General Position**

1.1.9.7 Management did not provide any payment voucher as asserted in the Management’s response. Therefore, Management should account for the unsupported payments.

1.1.9.8 Going forward, Management should ensure that payment vouchers are adequately supported by documentation before payments are made. Further, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act of 2009.

## **1.2 Compliance Issues**

### **1.2.1 Payment for Honorarium**

#### **Observation**

1.2.1.1 The Committee of Supporting Organization of the Treadway Commission (COSO) internal control framework on control activities stipulates that, “Institutions deploy control activities through



policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

1.2.1.2 It was observed during the conduct of the audit that the LIPA Management made payments for honorarium to several employees amounting to **US\$21,185.00 (Twenty-One Thousand one Eighty-five United States Dollars)** without evidence of a formal policy. **See table 6a & 6b below for details:**

**Table 6a: Honorarium for senior management**

No.	Date	Description	Payee	Check #	Amount (US\$)
1	July 22,2016	Amount represents payment of Honorarium	Obalyon B.Nyemah	2332085	1,200.00
2	July 22,2016	Amount represents payment of Honorarium	Jarso Jallah Saygbe	2332085	800.00
3	July 22,2016	Amount represents payment of Honorarium	Florence Geegbae Dukuly	2332085	800.00
4	July 22,2016	Amount represents payment of Honorarium	Charles G. Jarrett	2332085	800.00
5	July 22,2016	Amount represents payment of Honorarium	Patrice Weah	2332085	50.00
6	July 22,2016	Amount represents payment of Honorarium	Luna Harmon	2332085	500.00
<b>Total</b>					<b>5,980.00</b>

**Table 6b: No Policy for Honorarium**

No	Date	Description	Payee	Check #	Amount (US\$)
1	Oct.13,2016	Amount represents payment of Honorarium	David R. Swen	00049954	6145.00
2	March 16,2017	Amount represents payment of Honorarium	Tom N. Famoh	2209662	300.00
3	Feb.10,2017	Amount represents payment of Honorarium	Francis Robert	2209655	150.00
4	July 22,2016	Amount represents payment of Honorarium	Demster G Togba	2332085	5,980.00
5	April 26,2017	Amount represents payment of Honorarium	Hilary Gayflor	00179017	750.00
6	May 26,2017	Amount represents payment of Honorarium	Samuel Nyemah	00179026	1880
<b>Total</b>					<b>15,205.00</b>





**Risk**

1.2.1.3 The lack of policies and procedures for the distribution of honorarium could lead to mismanagement and abuse of public funds.

**Recommendation**

1.2.1.4 The LIPA Management should provide material justification for failing to institute policies and procedures to guide the payment of honorarium.

**Management's Response**

1.2.1.5 *Over the years, the management of LIPA has been providing equal opportunity for staff capacity building for all employees for which management has been spending on local scholarship scheme is usually being budgeted for every fiscal period.*

1.2.1.6 *There has not been policies and procedures on staff capacity development over the years, meanwhile, the current management has set up a committee to work on staff capacity development policy and procedures to avoid future discretionary decisions.*

**Auditor General's Position**

1.2.1.7 We acknowledge Management's assertion. We will follow up on Management's assertion during subsequent audit.

**1.2.2 Local Scholarship Award**

**Observation**

1.2.2.1 The Committee of Supporting Organization of the Treadway Commission (COSO) internal control framework on control activities stipulates that, "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

1.2.2.2 It was observed during the conduct of the audit that the LIPA Management made payments amounting to **US\$ 12,932.00** (Twelve Thousand Nine Hundred Thirty-Two Dollars) representing fees and tuition to several Universities for local scholarship without evidence of an internal policy on local scholarship. **See table 7 below for details.**

**Table: 7 Local scholarships**

NO	Date	Payee	Description	Beneficiary	PV #	CK #	Amount US\$
1	July 10,2017	Cuttington University Graduate School	Payment of local scholarship	Cuttinton University Graduate School		0028063	2,922.00



NO	Date	Payee	Description	Beneficiary	PV #	CK #	Amount US\$
2	5-Jul-16	University of Liberia	Payment of local scholarship	Oblayon Blayon	380	0028077	1,350.00
3	Oct.2,2017	Louise Arthur Grimes School of Law	Payment of local scholarship	Oblayon Blayon	386	28077	1,350.00
4	Oct.2,2017	Louise Arthur Grimes School of Law	Payment of local scholarship	Oblayon Blayon	381	0028078	60.00
5	April 27,2917	Louise Arthur Grimes School of Law	Payment of local scholarship	Oblayon Blayon	166	00214415	1,350.00
6	June 5, 2017	Cuttinton University Graduate School	Payment of local scholarship	Luna M. Harmon Francis Jarsayway Lawuo M. Mulbah	EV# 127367	N/A	5,900
<b>Total</b>							<b>12,932</b>

### Risk

1.2.2.3 The lack of policies and procedures to award employees local scholarship could lead to discretionary selection of beneficiaries thereby denying other qualify employees the opportunity of been selected.

### Recommendation

1.2.2.4 The LIPA Management should provide material justification for failing to institute policies and procedures to guide the award of local scholarship.

### Management's Response

1.2.2.5 *Over the years, the management of LIPA has been providing equal opportunity for staff capacity building for all employees for which management has been spending on local scholarship scheme is usually being budgeted for every fiscal period.*

1.2.2.6 *There has not been policies and procedures on staff capacity development over the years, meanwhile, the current management has set up a committee to work on staff capacity development policy and procedures to avoid future discretionary decisions.*

### Auditor General's Position

1.2.2.7 We acknowledge management's acceptance of our finding; we will make a follow up on the implementation of our finding during subsequent audit.



### 1.2.3 Payments to Third Party

#### Observation

- 1.2.3.1 B. 28 of the PFM Regulation 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."
- 1.2.3.2 It was observed during the conduct of the audit that the amount of **US\$28,546.52** (Twenty-eight thousand five hundred forty-six United States Dollars fifty-two cents) was paid to Oblayon B. Nyema Director General (DG) and Esi K. Ogunkova Director of training rather than the service providers. **See table 8 below.**

**Table: 8 Payments to Third Party**

NO.	Date	Payee	Description	Voucher No.	Check No.	Amount US\$	Missing Document
1	3/9/2017	Oblayon B. Nyema	Payment for repair & maintenance of roof	99	214399	278.00	No quotation, no delivery note, third party payment
2	6/16/2017	Esi K. Ogunkoya	Leadership and Management training	46	178988	25,564.00	No MOU, no signature of recipients of honorarium, payment to thirty party
3	12/6/2016	Esi K. Ogunkoyg	Payment for training fees	7	49463	2,704.52	No proforma request not approve, pay to third party
<b>Total</b>						<b>28,546.52</b>	

#### Risk

- 1.2.3.3 Checks rose in the names of employees or individuals for procurement of goods /services could be diverted to personal use thus leading to misappropriation of funds.

#### Recommendation

- 1.2.3.4 The LIPA Administration should provide substantive justification for authorizing payments in the name of Oblayon B. Nyema Director General (DG) and Esi K. Ogunkoya and Director of training than in the name of the service providers.
- 1.2.3.5 Going forward, the LIPA Administration should make payments only in the name of vendors and services it transacted business with.

#### Management's Response

- 1.2.3.6 *The leadership and management training project was designed and implemented for participants in several counties and Mrs. Ogunkoya was the project focal person who directly moved from one county to another during the project period; therefore, these funds were withdrawn and entrusted to Mrs. Ogunkoya pay participants and vendors involved.*



### **Auditor General Position**

1.2.3.7 Management's assertion is not materially justified. Therefore, the third-party payments should be accounted for. Further Management is in breach of financial discipline in line with regulation A.20 of the PFM Act, 2009.

### **1.2.4 Consulting /Facilitators**

#### **Observation**

1.2.4.1 Section 41(1) (a-e) of the Amended and Restated PPC Act of 2010 states that, "the Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- Ensuring that the contractor complies with the specifications and terms of the contract;
- ensuring that the contract is being performed on schedule;
- Ensuring that payments made to the contractor are in accordance with the terms of the contract.
- Determining when a contract has been successfully performed which will entitle the contractor to final payment; and
- In the case of each contract awarded by the Procuring Entity, designating a contract administration officer who will have responsibility for the administration of the contract consistently with the requirements of this Act and the regulations."

1.2.4.2 It was observed during the conduct of the audit that the LIPA Management hired the services of consultants/ facilitators for the period under audit without evidence of a formal contract agreement. **See annexure 2 for details:**

1.2.4.3 Additionally, there was no evidence that the consultants/facilitators had reported to work as the daily attendance log was never provided to us to authenticate that the Consultants & facilitators actually performed the services they were paid for.

#### **Risk**

1.2.4.4 Failure to maintain contract agreement between consulting facilitators and the LIPA Management undermines public sector accountability and transparency.

#### **Recommendation**

1.2.4.5 LIPA Management should provide material justification for failing to maintain or provide a contract agreement for consultants/facilitators.

### **Management's Response**

1.2.4.6 *When a consultant/Facilitators is hired by the Liberia Institute of Public Administration and before any professional work is commenced, there can be a service contract between the Institution and the contractor/facilitator as no payment can be made by the MFDP without service contract. During the process of the service (s) delivery, there can be attendance log to authenticate that contractor (s) reported to work during the period of hire.*

### **Auditor General's Position**

1.2.4.7 Management did not provide evidence of the service contract and attendance log for facilitators as asserted in the Management's response. Therefore, Management should ensure that it maintains contract documents for consultants and facilitators for audit purpose. Further management is in breach of Section 41(1) (a-e) of the Amended and Restated PPC Act of 2010.

## **1.2.5 Fixed Assets Management**

### **Observation**

1.2.5.1 Regulation V.4 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".

1.2.5.2 It was observed during the conduct of the audit that the LIPA Management did not maintain fixed assets registry that would show a list of coded assets, date of purchase, cost, location, assignee and current condition for the period under audit.

### **Risk**

1.2.5.3 In the absence of fixed assets listing, the ownership and existence of the entity's assets cannot be assured and can be susceptible to theft.

### **Recommendation**

1.2.5.4 The LIPA Management should provide material justification for not providing fixed assets listings for all assets acquired for the period under audit.

### **Management's Response**

1.2.5.5 *During FY 2016/2017, the Liberia Institute of Public Administration was serious challenged due to lack of working equipment and system crash that was experienced due to electrical shocks from power fluctuation. After that incident, we were working very hard to restore our files.*

### **Auditor General's Position**

1.2.5.6 We acknowledge management's accession; Management should ensure that it maintains assets registry /listing of coded assets, date of purchase, cost, location, assignee and current condition of assets.



## **ANNEXURES**



**Table 1a: Payments without payment voucher**

No.	Date	Transaction Details/Payee	Check Numbers	Amounts US\$	Amount L\$	Missing Document
1	7/1/2016	CHECK WITHDRAWAL	178954	4,300.00	-	No Payment Voucher
2	7/14/2016	N. C. SEKEH	178964	1,200.00	-	No Payment Voucher
3	8/10/2016	CK#178970 RECD FRM CLRG	178970	600.00	-	No Payment Voucher
4	8/12/2016	CHECK WITHDRAWAL	178976	2,800.00	-	No Payment Voucher
5	1/25/2017	LEROY NAGBE	178991	1,000.00	-	No Payment Voucher
6	2/23/2017	CK#178999RECD FRM CLRG	178999	875.00	-	No Payment Voucher
7	4/17/2017	CK#179013 RECD FRM CLRG	179013	3,995.00	-	No Payment Voucher
8	5/12/2017	LEROY S. NAGBE, JR#179021	179021	1,000.00	-	No Payment Voucher
9	6/29/2017	00179032/ PINKY ANDREWS	179032	1,000.00	-	No Payment Voucher
10	12/23/2016	CK#214375 RECD FRM CLRG	214375	1,689.60	-	No Payment Voucher
11	12/20/2016	PINKY ANDREW	214376	3,000.00	-	No Payment Voucher
12	2/16/2017	CK#214390 RECD FRM CLRG	214390	1,400.00	-	No Payment Voucher
13	6/16/2017	LBDI CK#214434 DEP/0220630	214434	1,000.00	-	No Payment Voucher
14	9/6/2016	CHECK WITHDRAWAL	214471	1,500.00	-	No Payment Voucher
15	8/31/2016	PINKY ANDREWS#214480	214480	4,000.00	-	No Payment Voucher
16	10/12/2016	214491/MERCY D. SHERMAN	214491	1,200.00	-	No Payment Voucher
17	10/29/2016	CK#214494 IFO ROBERT B. TOE	214494	1,269.00	-	No Payment Voucher
18	10/21/2016	CHECK WITHDRAWAL	214495	925.00	-	No Payment Voucher
19	10/26/2016	CK#214496 IFO PINKY ANDREWS	214496	1,000.00	-	No Payment Voucher
20	11/24/2016	CK ENCASHED IFO NATORAH T NAGBAH	214507	450.00	-	No Payment Voucher
21	11/28/2016	LEROY NAGBE#00214509	214509	1,200.00	-	No Payment Voucher
22	1/19/2017	Payment IFO Soko .A. FAHNBULLEH	49	62,100.00	-	No Payment Voucher
1	10/28/2016	CHQ# 2208552 IFO LUMA M. HARMON	2208552	1,000.00	-	Payment Voucher
2	12/20/2016	CHQ WDL BY LEROY NAGBE	2208569	24,000.00	-	Payment Voucher
3	2/28/2017	CHQ#2209658 WDL-NATORAH T. NAGBE	2209658	3,500.00	-	Payment Voucher
4	4/28/2017	CHQ#2209683 WDL-PINKY ANDREWS	2209683	7,670.00	-	Payment Voucher
5	7/27/2016	FIB CHQ WDL BY ESI K OGUNKOYA	2293569	1,035.00	-	Payment Voucher
6	9/15/2016	FIB CHQ#2332097 WDL-GEORGE C. NYANTI	2332097	2,099.00	-	Payment Voucher



**Table 1a: Payments without payment voucher**

No.	Date	Transaction Details/Payee	Check Numbers	Amounts US\$	Amount L\$	Missing Document
7	3/3/2017	OPUT-5066 REV & CORR OF RTGS REF 2641002 DD3/1/17	2641002	3,505.00	-	Payment Voucher
1	7/7/2016	CHQ# 42 N.C. SEKEH	42	-	70,000.00	No payment voucher
2	7/7/2016	CHQ# 40 R. GEORGE	40	-	28,200.00	No payment voucher
3	7/7/2016	CHQ# 41 R.S. DAVIES	41	-	30,200.00	No payment voucher
4	14/7/16	CHQ# 43 S D A COOPER HOSPITAL	43	-	9,400.00	No payment voucher
5	19/7/16	CHQ# 44 F. SWARY	44	-	7,050.00	No payment voucher
6	20/7/16	CHQ# 45 E.M.K. LUOGON	45	-	2,250.00	No payment voucher
7	1/19/2017	SOKO A, FAHBULLEH	85308	-	205,000.00	No payment voucher
8	6/20/2017	JAMES M. TOKPAWHIEA	85363	-	129,600.00	No payment voucher
9	6/16/2017	00085359/ MELVIN CHINEH	85359	-	112,000.00	No payment voucher
10	3/7/2017	CK ENCASHED IFO LEROY NAGBE	85315	-	110,000.00	No payment voucher
11	4/21/2017	CK ENCASHED IFO LEROY NAGBE	85340	-	104,000.00	No payment voucher
12	3/24/2017	CHARLES G. JARRETT	85328	-	100,000.00	No payment voucher
13	5/5/2017	LEROY S. NAGBE	85344	-	100,000.00	No payment voucher
14	5/12/2017	CK#85350 IFO LEROY S NAGBE JR	85350	-	100,000.00	No payment voucher
15	11/28/2016	85297 IFO LEROY NAGBE	85297	-	75,000.00	No payment voucher
16	3/7/2017	Payment made to Leroy Nagbe	49	-	75,000.00	No payment voucher
<b>Total</b>				<b>140,312.60</b>	<b>1,257,700.00</b>	

**Table 1b: Payments without adequate supporting documentation**

NO.	Date	Payee	Description	Voucher No.	Check No.	Amount US\$	Missing Document
1	12/1/2016	Robert B. Toe	Payment repairs and maintenance equipment	1	214510	1,269.00	No request ,no quotations
2	1/18/2017	Robert B. Toe	Payment for repair & maintenance of ICT Service	53	214382	1,269.00	No request,





**Table 1b: Payments without adequate supporting documentation**

<b>NO.</b>	<b>Date</b>	<b>Payee</b>	<b>Description</b>	<b>Voucher No.</b>	<b>Check No.</b>	<b>Amount US\$</b>	<b>Missing Document</b>
3	2/23/2017	Pit Shop	Payment for repair & maintenance of vehicle	91	214395	3,125.00	Vendor is not listed on vender listing, no certificate of Job completion
4	3/24/2017	Spicy Bar & Restaurant	Payment for food and catering services	121	179003	4,080.00	No request
5	3/13/2017	Spicy Bar & Restaurant	Payment of food and catering services	151	179013	3,995.00	No request
6	5/11/2017	Bella Casa Hotel	Payment of food and catering services	200	2209687	1,685.00	No 3 quotation
7	2/23/2017	Pit Shop	Payment for repair & maintenance of vehicle	91	214395	3,125.00	No 3 quotations,
8	10/13/2016	Esi K. Ogunkoya	Payment for LNP/BIN training	972	49955	11,080.00	No request, no receipt, expenditure report
9	10/14/2016	Esi K. Ogunkoya	Payment for LNP/BIN training	973	49956	10,854.00	No request, no receipt, expenditure report
<b>Total</b>						<b>40,482.00</b>	

