



Management Letter

On the Financial Statement Audit of the National Public Health Institute of Liberia (NPHIL)

For The Fiscal Year Ended June 30, 2017



Promoting Accountability of Public Resources

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

Monrovia, Liberia
September 2020

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS	8
1.1	Financial Issues - GoL Related Transactions	8
1.1.1	Discrepancies in the application of the Financial Reporting Framework	8
1.1.2	Difference in Closing Cash Balance	9
1.1.3	Withholding and Remittance of Goods/Services Tax	10
1.1.4	Tax Clearance Signed by Proxy	11
1.1.5	Settlement of ex-residents of the Land Designated to NPHIL	12
1.1.6	Double Payment of Salary	13
1.1.7	Discrepancies in the Management of NPHIL's Payroll	14
1.1.8	Re-allocation of Budgeted Funds	16
1.1.9	Procurement procedures	17
1.1.10	Adherence to Travel Ordinance	18
1.1.11	Petty Cash Management	19
1.1.12	Deficiencies in the preparation of bank reconciliation	21
1.1.13	Procurement Committee and Plan	22
1.2	Donor Related Issues	23
1.2.1	Memorandum of Understanding for Donor Fund	23
1.2.2	Preparation of bank reconciliation	23
1.2.3	Adherence to Travel Ordinance	24
1.2.4	Fuel/Gasoline and Scratch Card Management System	25
1.2.5	Payments to Third Party	26
1.3	Internal Control Related Issues - GOL	27
1.3.1	Fuel/Gasoline and Scratch Card Management System	27
1.3.2	Payments to Third Party	28
1.3.3	Human Resource Review/Approval of Payroll	29
1.3.4	Quarterly reports not prepared and submitted to PPCC	30
1.4	Governance Related Issues	31
1.4.1	Lack of Audit Committee	31
1.4.2	Strategic Plan	31
1.5	SUMMARY OF IDENTIFIED AND UNCORRECTED MISSTATEMENTS	33

Acronyms

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
CPA	Certified Public Accountant
CGMA	Chartered Global Management Accountant
DSA	Daily Sustenance Allowance
GAC	General Auditing Commission
GOL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSIAs	International Standards of Supreme Audit Institutions
LD	Liberian Dollars
LNFS	Liberia National Fire Service
LPO	Local Purchase Order
LRA	Liberia Revenue Authority
MFDP	Ministry of Finance and Development Planning
ML	Management Letter
MoU	Memorandum of Understanding
NCB	National Competitive Bidding
NPHIL	National Public Health Institute of Liberia
PC	Petty Cash
PFM	Public Financial Management
PPCA	Public Procurement & Concession Commission Act
PPCC	Public Procurement & Concession Commission
PV#	Payment Voucher Number
RFQ	Request for quotation
UNICEF	United Nation International Children Education Fund
WHO	World Health Organization
USD	United state Dollars

September 30, 2020

National Public Health Institute of Liberia
Back Road, Congo Town
Monrovia Liberia

Dear Sir/Madam:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE NATIONAL PUBLIC HEALTH INSTITUTE OF LIBERIA (NPHIL) FOR THE FISCAL PERIOD ENDED 30 JUNE 2017.

The National Public Health Institute of Liberia Financial statements are subject to audit by the Auditor-General in terms of Section 2.1.3 of the GAC Act of 2014 as well as in accordance with the applicable financial laws of Liberia.

INTRODUCTION

The audit of the National Public Health Institute of Liberia financial statements for the year ended June 30, 2017 was 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 is achieved in the annual financial statements. An audit includes:

- Examination on a test basis of evidence supporting the amounts and disclosures in the financial statements;
- Assessment of the accounting principles used and significant estimates made by management; and
- Evaluation of the overall financial statement presentation.

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

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

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

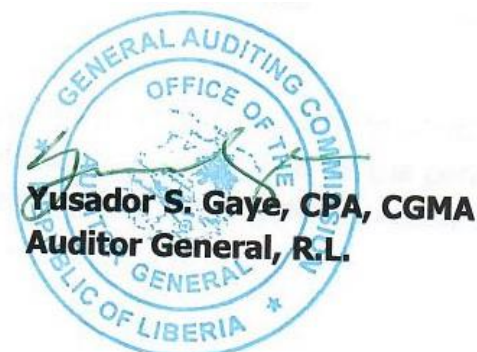
Key personnel of the Commission

During the period under audit, the following key persons managed the affairs of the entity.

Name	Position	Tenure
Tolbert G. Nyenswah	Director General	2016 - present
Henry A. Blake, Jr.	Deputy Director General/ Administration	2016 - present
Mosoko Fallah	Deputy Director General/ Technical	2016 - present
Fidel D. Wiah	Comptroller	2016 - present

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the National Public Health Institute of Liberia during the audit. The audit findings, which were identified during the course of the audit, are stated below.



Monrovia, Liberia
September 2020



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues - GoL Related Transactions

1.1.1 Discrepancies in the application of the Financial Reporting Framework

Observation

1.1.1.1 Section 5.2.0 (c) of the International Public Sector Accounting Standards (IPSAS) Financial Reporting under the Cash Basis as adopted by the GOL states, "By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

1.1.1.2 Additionally, Section 1.4.0 (a) of the IPSAS Cash Basis states, " Where, during a reporting period, a third party directly settles the obligations of an entity or purchases goods and services for the benefit of the entity, the entity should disclose in separate columns on the face of the statement of cash receipts and payments: (a) Total payments made by third parties which are part of the economic entity to which the reporting entity belongs, showing separately a sub-classification of the sources and uses of total payments using a classification basis appropriate to the entity's operations.

1.1.1.3 We observed that NPHIL did not adequately apply the IPSAS Cash Basis Financial Reporting Framework for the preparation and presentation of its Financial Statements for the fiscal period 2016/2017. The following discrepancies were identified.

- GOL fund received and expended by NPHIL for its operations was reported under "payment by other government entity" column instead of being reported under the "receipts/payment controlled by entity" column. Fund that is recorded under "payment by other government entity" is fund under the controlled of that government entity and use directly to settle the obligations or purchase goods and services for the benefit of the reporting entity. This was not the case with NPHIL during the fiscal period under audit.

Risk

1.1.1.4 Failure to fully comply with the IPSAS Cash Basis Financial Reporting Framework logical presentation could lead to misunderstanding of the financial statements by users.

Recommendation

1.1.1.5 Going forward, the Management of NPHIL should fully apply the requirements of the IPSAS Cash Basis Financial Reporting Framework.

Management's Response

1.1.1.6 *The reporting of GOL fund received and expended by NPHIL for FY16-17 under "payment by other government entity" column was an oversight. We understand that fund received and expended should be reported instead under the "receipts/payment controlled by entity" column. Management will ensure that our Finance/Accounts Team report all funds received and expended from GOL under the appropriate column ("receipts/payment controlled by entity").*

Auditor General's Position

1.1.1.7 We acknowledge the Management's acceptance of our finding and recommendation. We will make a follow up on the implementation of Management's assertion during subsequent audit.

1.1.2 Difference in Closing Cash Balance

Observation

1.1.2.1 Regulation I.16 (1) of the PFM Act of 2009 states "At the close of business of the last working day of each month or financial year, whichever is applicable, the accounts shall be balanced off".

1.1.2.2 We observed a difference of US\$103,599.99 between the closing cash balance reported in the Financial Statements and the reconciled closing cash balance per the general Ledger (cash book) for the fiscal period ended June 30, 2017. **See Table 1 for details**

Table 1: Closing cash balances per Financial Statements and ledger (Cash book); 2016/2017- GOL Fund

A . Closing Cash balance per Ledger (Cash Book) as at June 30, 2017						
Bank/Cash A	Account# B	Cash Balances		L\$ conversion Rate E	Converted amount in US\$ (per financial statement) F	Total Cash (US\$) G=(D+F)
		L\$ C	US\$ D			
LBDI-US\$	001USD2 13222981 01	-	378,634.30	-	-	378,634.30
LBDI-US\$	001USD2 13222981 03	-	-	-	-	-
LBDI-L\$	001LRD2 13222981 02	114,877,938.24	-	106.00	1,083,754.13	1,083,754.13
Petty Cash report (Closing Balance) as at June 30, 2017	Nil	-	1,564.03	-	-	1,564.03
Total-A						1,463,952.46
B. Closing Cash balance per Financial Statement as at June 30, 2017						
Bank/Cash		Account#		Amount in US\$		
Closing Balance for GOL Fund		Nil		1,360,352.47		
Total-B						1,360,352.47
Total-C (A-B)						103,599.99

Risk

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

Recommendation

1.1.2.4 The Management of NPHIL should provide material justification for the differences indicated.

- 1.1.2.5 Going forward, Management should ensure that the closing cash balance reported in the financial statements corresponds with that of the general ledger at the end of the fiscal period.

Management's Response

- 1.1.2.6 *During the conduct of the audit field activities, a meeting was held between the then NPHIL Management Team (former Deputy Director General for Administration, Comptroller and Chief Accountant) and the Deputy Auditor General for Audit and Engagement Supervisor. The discussion was on the accuracy and completeness of the financial report submitted and used at the time by the Audit Team. At the end of the meeting, it was agreed that NPHIL should submit a restated financial report along with accompanying notes for FY16-17. However, we observed that the restated financial report submitted was not used by the Audit Team. Please find attached the restated financial report that adequately addressed the issues of the variances raised.*

Auditor General's Position

- 1.1.2.7 Based on the adjusted financial statements presented by Management, we have modified our recommendation for Management to reconcile the variance of US\$75,497.24 (**See Appendix 1**) between the closing cash balance reported in the financial statements and the general ledger. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.3 Withholding and Remittance of Goods/Services Tax

Observation

- 1.1.3.1 Section 905(n) of the Revenue Code of 2011 states, "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%".
- 1.1.3.2 Additionally, Section 904(a2) of the Revenue Code of 2011 states, "(2) Income tax withheld on the payee's behalf on a payment or payments made by a person who has a tax withholding obligation under Section 905 is creditable against the payee's advance payments, provided that the payee supplies the payer with a Tax Identification Number, as defined in Section 53, at the time of or before the payment subject to withholding".
- 1.1.3.3 We observed that the Management of NPHIL made payments to various suppliers of taxable goods during the period under audit without evidence that taxes were withheld and remitted to GOL account on the suppliers' behalf as required.

Risk

- 1.1.3.4 The non-collection and remittance of tax deprives GOL of the much-needed revenue to implement its programs. This could lead to loss of government revenue.

Recommendation

- 1.1.3.5 The Management of NPHIL should provide material justification for the non-collection and remittance of the appropriate taxes.



- 1.1.3.6 Going forward, management should ensure that the relevant goods and services taxes are withheld and remitted on behalf of their suppliers in accordance with the amended Revenue Code of Liberia of 2011.

Management's Response

- 1.1.3.7 *Going forward, Management will ensure that the relevant goods and services taxes are withheld and remitted on behalf of their suppliers in accordance with the amended Revenue Code of Liberia of 2011.*

Auditor General's Position

- 1.1.3.8 We acknowledge Management's acceptance of our finding and recommendation. We will make a follow up on the implementation of Management's assertion during subsequent audit.

1.1.4 Tax Clearance Signed by Proxy

Observation

- 1.1.4.1 Regulation O.12 (1) of the PFM Act 2009 states, "No alterations shall be made to any Government Agency receipts, licenses or other accountable documents".

- 1.1.4.2 We observed that proxies signed the Business Income Tax Certificates/Clearances of several of the suppliers from which the Management procured goods/services in the amounts of US\$19,939.00 and L\$350,950.00. The proxies did not indicate their names on the certificates on behalf of both the Assistant Commissioner and Deputy Commissioner of the Domestic Tax Unit of the Liberia Revenue Authority. **See Appendix 2 for details.**

Risk

- 1.1.4.3 Business Income Tax Certificate/Clearance approved by proxy could be collusion to avoid the payment of tax by supplier. This may deprive GOL of the much-needed revenue to implement its programs.

Recommendation

- 1.1.4.4 The Management of NPHIL should provide material justification to proof that suppliers with which they conducted businesses were in full compliance with the Revenue law during the period.

- 1.1.4.5 Going forward, management should ensure that its supplier of goods/services holds valid Business Income Tax certificates/Clearances before conducting business with them.

Management's Response

- 1.1.4.6 *Going forward, management will work with LRA in validating signatures on Business Income Tax certificates/clearances.*

Auditor General's Position

- 1.1.4.7 We acknowledge Management's acceptance of our finding and recommendation. We will



make a follow up on the implementation of Management’s assertion during subsequent audit.

1.1.5 Settlement of ex-residents of the Land Designated to NPHIL

Observation

1.1.5.1 Regulation A.15 of the PFM Act of 2009 states, “The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks”.

1.1.5.2 We observed that Management did not exercise due care in the disbursement and payment of fund received to settle ex-residents of the land designated for erecting the National Testing Laboratory as well as NPHIL’s Headquarters. Our review of payments to settle the ex-residents revealed the following discrepancy:

- Payments for crush rocks and other related expenses in the amounts of L\$926,800.00 were made in the name of staff of NPHIL for subsequent disbursements to the rocks suppliers for rocks crushed and sold on the NPHIL designated land rather than make the payments directly to the rocks suppliers or their authorized representatives. **See Table 2 for details**

Table 2: Payment for Services Providers in the Names of NPHIL Employee; 2016/2017

Date	Description	PV#	Check#	payee		Amount (L\$)
				Name of Staff	Position	
7-Jun-17	Purchase of crush rocks from Crushers on TB Annex property to clear area for construction of NPHIL HQ	PV0038	00120127	Mercy Y. Gonpue	Accounts Assistance/Cashier	583,800.00
26-Jun-17	Additional purchase of rocks from Crushers on TB Annex Property to clear area for construction of NPHIL HQ	PV0044	00120128	Mercy Y. Gonpue	Accounts Assistance/Cashier	301,000.00
26-Jun-17	Payment for security & packing of crushed rocks on TB Annex Property	PV0061	00120130	Mercy Y. Gonpue	Accounts Assistance/Cashier	42,000.00
Total						926,800.00

Risk

1.1.5.3 Failure to exercise due care over the management of fund for the settlement of ex-residents and rock suppliers could lead to misappropriation of fund.

Recommendation

1.1.5.4 The Management of NPHIL should provide material justification for the discrepancies identified during the payment process.

Management's Response

1.1.5.5 *The amounts to individual beneficiaries were not material to raise individual checks as doing so would have resulted in multiple checks being raised for small amounts (less than US\$100 or equivalent in LRD). So management saw it prudent at the time to raise the payments in the cashier's name (Mercy Y. Gonpue) and the beneficiaries subsequently signed for the amounts due them with appropriate identification cards and phone numbers for future reference. The supporting documents were submitted and reviewed by the Audit Team.*

Auditor General's Position

1.1.5.6 The Management's assertion is not materially supported. The practice of making payments in the name of the Cashier for onward payment to other employees is inconsistent with the Public Finance Management Act of 2009.

1.1.5.7 Going forward, the Management should ensure that all payments are made in the name of the beneficiaries or their authorized representatives. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.6 Double Payment of Salary

Observation

1.1.6.1 Regulation T.3 (1e) of the PFM Act of 2009 states, "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded.

1.1.6.2 We observed that the Director General (DG) of NPHIL who prior to the appointment was Deputy Minister of Health at the Ministry of Health (MOH) was paid by both entities for three (3) months: January, February and April of 2017. MOH paid US\$10,803.13 and L\$297,532.34 and NPHIL paid US\$24,000.00 and L\$624,000.00 in net salaries. **See table 3 for details**

1.1.6.3 It was further observed that the Director General (DG) and his Deputies were appointed on February 17, 2017; however, the Director General and the Deputy Director General for Administration (DDGA) were paid their full compensation in the amounts of US\$28,800.00 and L\$748,800.00 for January and February 2017 without evidence of proration. **See Appendix 3 for details.**

Table 3: Salaries paid by Both MOH and NPHIL for 2016/2017

No.	Entit y	Name	Positions	Description	Account Numbers	Bank	Salaries Paid (Net)	
							L\$	US\$
1	MOH	Tolbert G. Nyenswah	Deputy Minister of Health	Payment of salary for three months (January, February and April of 2017)	LRD:20110010 41590and USD:2011001 042590	Guaranty Trust Bank	297,532.34	10,803.13



Table 3: Salaries paid by Both MOH and NPHIL for 2016/2017

No.	Entit y	Name	Positions	Description	Account Numbers	Bank	Salaries Paid (Net)	
							L\$	US\$
2	NPHIL	Tolbert G. Nyenswah	Director General	Payment of salary for three months (January, February and April of 2017)	LRD:20110010 41590and USD:2011001 042590	Guaranty Trust Bank	624,000.00	24,000.00

Risk

1.1.6.4 Double payments of salary could lead to waste, abuse, and misappropriation of fund.

Recommendation

1.1.6.5 The Director General of NPHIL should provide material justification for receiving double salary for the months of January, February and April of 2017.

1.1.6.6 The NPHIL Management should provide material justification for making full payment of salaries to the Director General and the Deputy Director General for Administration for the months of January and February 2017.

Management's Response

1.1.6.7 *Please see attachments labelled 1.1.11*

Auditor General's Position

1.1.6.8 The Management did not adequately address the issue raised. There was no evidence that the Director General and the Deputy Director General for Administration salaries were prorated during these months to avoid excess payments. Therefore, the Director General and Deputy Director General should refund to the MOH and NPHIL accounts the excess payments. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.7 Discrepancies in the Management of NPHIL's Payroll

Observation

1.1.7.1 Regulation T.3 (1 e and f) of the PFM Act of 2009 states, "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded. (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit".

1.1.7.2 Additionally, Section 3.3 (k) of the Act that establishes the National Public Health Institute of Liberia provides that the Board shall approve the salary structure of the Director General and the Deputy Director General.

1.1.7.3 The following was observed from our review of payrolls and other related documents:

- The Deputy Director General for Administration and the comptroller were paid US\$12,178.80 in excess of the budgeted amount of their salaries during the period. **See Appendix 4 for details.**

- The MFDP processed and disbursed net salaries to NPHIL Management in the amount of US\$157,281.95 and L\$3,568,879.16 for several months for various staffs including the Deputy Director General for Technical Services. Some of the staff were paid incentive and/or salaries by donor (WHO) during the period 2016/2017. There was no evidence that the GOL salaries were subsequently disbursed to the staffs. **See Appendix 5 for details**
- There was no evidence that the Board of NPHIL set and approved the salary structure of the Director General and the two Deputy Directors General as required.
- There was no evidence that Management maintained employment records such as letters of appointment and confirmation, copies of credential, resume, etc. for the Director General and the two Deputy Directors General. Management did not provide those documents during the conduct of the audit after several requests by the audit team.

Risk

- 1.1.7.4 Salary paid in excess of budgeted amount could lead to waste, abuse, and misappropriation of fund.
- 1.1.7.5 Salaries received for staff not on GOL payroll could be diverted to personal use. This could lead misappropriation of fund and misstatement of the financial statements.
- 1.1.7.6 Failure to structure and approve salaries of the Director General and the Deputies could lead to waste, abuse, and misappropriation of fund as it is likely that their salaries would be paid discretionarily.
- 1.1.7.7 The lack of employment records for senior staff undermines transparency.

Recommendation

- 1.1.7.8 The NPHIL Management should provide material justification for paying salary to the Deputy Director General for Administration and the comptroller in excess of the budgeted amount.
- 1.1.7.9 The Management should also provide material justification for collecting salaries from GOL for staff who were paid by donors.
- 1.1.7.10 Further, Management should provide the necessary employment records for the Director General and the two Deputy Directors General.
- 1.1.7.11 Going forward, Management should ensure that the salaries of the Director General and the Deputy Directors General are structured and approved by the Board before payment of their remunerations. Also, Management should ensure that salaries are paid to bona-fide staff.



- 1.1.7.12 Further, Management should maintain the necessary employment records for senior staff for administrative and audit purposes.

Management's Response

- 1.1.7.13 Please see attachments labelled 1.1.11

Auditor General's Position

- 1.1.7.14 The Management did not adequately address the issue raised. There was no evidence to validate the disbursement of US\$157,281.95 and L\$3,568,879.16 to the concerned staffs. Also there was no evidence to validate the payment of US\$12,178.80 to the Deputy Director General for Administration and the Comptroller. Therefore, the Management of NPHIL should account for the amounts indicated. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.8 Re-allocation of Budgeted Funds

Observation

- 1.1.8.1 Regulation E.8 (1) of the PFM Act of 2009 clarifies that where circumstances arise for rearrangement of budget provision, savings under one classification may be utilized to provide for extra expenditure under another without affecting the total funds to be disbursed from the head.
- 1.1.8.2 Additionally, Regulation E.8 (2 and 3) of the PFM Act of 2009 requires Government entities to seek approval from the Deputy Minister for Budget to reallocate from one budgeted code to another. The Deputy Minister for Budget may delegate the power to authorize reallocations to head of government agency, stating clearly the terms and extent of such delegation.
- 1.1.8.3 We observed that the Management of NPHIL rearranged/reallocated funds in the amount of US\$13,240.00 from one budget line item to another during the fiscal period without evidence that the reallocation was based on excess funds realized from those budget line item prior to incurring the expenditure under the budget lines with shortfall.
- 1.1.8.4 Additionally, there was no evidence that reallocation during the period was approved by the Deputy Minister for Budget as requires. **See Table 4 for details.**

Table 4: Expenditure reallocated from one budget item to another; 2016/2017

No.	Date	Description	Payee	PV#	Check#	Amount (US\$)	Comment
1	6-Jun-17	Repairs of NPHIL vehicles for response to cluster of disease outbreak in Sinoe County	Divine Destiny Auto Parts	PV0041	00080039	9,240.00	From fuel and lubricant for repairs and maintenance expenses
2	7-Jun-17	Payment for preservation of bodies and use of theatre for autopsies on Evelyn Vaye & Titus Neuvfille	St. Moses Funeral Parlours	PV0043	0080043	4,000.00	From fuel and lubricant for unidentified expense category



Table 4: Expenditure reallocated from one budget item to another; 2016/2017

No.	Date	Description	Payee	PV#	Check#	Amount (US\$)	Comment
Total						13,240.00	

Risk

1.1.8.5 Incurring extra expenditure under a budget line item without evidence of excess funds could lead to over/under statement of expenditure in the budget line item.

1.1.8.6 Effecting transactions without evidence of approval from the appropriate authority could result to misappropriation of funds.

Recommendation

1.1.8.7 The Management of NPHIL should provide proof of authorization for fund reallocated from one budget line item to another as well as provide evidence that the reallocation was based on excess funds realized from those budget line items prior to incurring the expenditure under the budget line with a shortfall.

1.1.8.8 Going forward, the Management should maintain records of authorization to transfer funds from one budget line to another as well as records of excess of ten percent of funds realized from those budget line items prior to incurring the expenditure under the budget line with shortfall.

Management's Response

1.1.8.9 *Going forward, Management will ensure that it maintains records of authorization to transfer funds from one budget line to another as well as records of excess of ten percent of funds realized from those budget line items prior to incurring the expenditure under the budget line with shortfall.*

Auditor General's Position

1.1.8.10 We acknowledge Management's acceptance of our finding and recommendation. We will make a follow up on the implementation during subsequent audit. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.9 Procurement procedures

Observation

1.1.9.1 Sections 48(1) and 53(1 a-c) of the Public Procurement and Concessions Act (PPC) state: 48(1), "except as provided in subsection (2) of this Section, in procurement proceedings in which the Procuring Entity decides that only domestic suppliers or contractors are likely to be interested in submitting bids, the Procuring Entity shall employ national open competitive bidding procedures for procurements in which the estimated contract price of the procurement does not exceed the ceiling Threshold applicable to national open competitive bidding". And 53(1 a-c), "the request for quotations method may be used for the procurement of goods, works and services: (a) When the procurement is for readily available commercially standard goods, not specially manufactured to the particular specifications of the Procuring Entity and the estimated contract price does



not exceed the applicable Threshold; (b) When the procurement is for small works and the estimated contract price does not exceed the applicable Threshold; or (c) When the procurement is for services and the estimated contract price does not exceed the applicable Threshold”.

- 1.1.9.2 We observed that the Management did not apply the required procurement method for the procurement of various good and services in the amounts of US\$18,226.15 and L\$1,334,686,00. An analysis of the financial statement reveals that the purchases required the National Competitive Bidding (NCB), Restricted Bidding Methods, etc. **See Appendix 6 for details**

Risk

- 1.1.9.3 Failure to apply the appropriate procurement procedures could undermine value for money.

Recommendation

- 1.1.9.4 The NPHIL Management should provide material justification for failure to apply the appropriate procurement procedures.

- 1.1.9.5 Going forward, the NPHIL Management should ensure that the provisions of the PFM Regulation of 2009, the Amended and Restated PPC Act of 2010 and the accompanying regulations are adhered to unconditionally.

Management’s Response

- 1.1.9.6 *As provided in Appendix 6, the individual transactions stated are below the thresholds for National Competitive Bidding (NCB) and Restricted Bidding Methods. The procurement transactions stated meet the threshold for Shopping (Request for Quotation) Method as provided for in the Public Procurement & Concession Laws (Restated Act of 2010 and Regulations of 2014) Threshold Schedule. Management was committed to the application of the PPCC Laws in the processing of procurement transactions.*

Auditor General’s Position

- 1.1.9.7 The Management did not adequately address the issue raised. Management did not adhere to the required procurement method. Therefore, we maintain our finding and recommendation. Further, Management is in breach of the PPC Act of 2005 as Amended and Restated 2010.

1.1.10 Adherence to Travel Ordinance

Observation

- 1.1.10.1 The GoL revised Travel Ordinance of 2016/2017 provides Annexure II (Travel Settlement Form) for both foreign and domestic travels and requires that the form be filled by the traveler and submitted to the Financial Regulations Unit of the Ministry of Finance and Development Planning within fourteen (14) upon return from a trip. Copy of the certificates for workshop, seminars, etc. used ticket stubs and passport in the case of foreign travel should be attached.



1.1.10.2 We observed that the NPHIL Management paid daily sustenance allowance (DSA) in the amount of US\$23,600.00 to staff who traveled during the fiscal period without ensuring that the staff filled the Travel Settlement Form for submission to the Financial Regulations Unit of the Ministry of Finance and Development Planning as required. Further, there were no adequate supporting documents like report/result of trip, etc. authenticating the travel. **See Appendix 7 for details.**

Risk

1.1.10.3 The non-settlement of travel advances undermines the objective of the Travel Ordinance.

1.1.10.4 In the absence of adequate supporting documents such as the invitation, report/result of trip, copies of passport, Boeing Passes, and ticket, etc. the validity of the travel cannot be assured.

Recommendation

1.1.10.5 Going forward, the Management should ensure that staff returning from trip completes the appropriate travel settlement form as required and attach all the relevant supporting documents for administrative and audit purposes.

Management's Response

1.1.10.6 *Going forward, Management will ensure that staffs returning from trip complete the appropriate travel settlement forms as required.*

Auditor General's Position

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

1.1.11 Petty Cash Management

Observation

1.1.11.1 Regulation B.33 (2) and (4) of the PFM Act 2009 states, "(2) Names and titles of designated officers and amounts to be held in cash at specific periods and designated posts shall be communicated to and have the prior written approval of the Comptroller-General. (4) 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".

1.1.11.2 We observed that the Comptroller-General and the Management of NPHIL did not approve the Petty Cash Policy in force at the entity.

1.1.11.3 Further, we observed the following issues during our review of the Petty Cash Management System and an analysis of petty cash payment transactions:

- Petty cash payment transactions in the amount of US\$585.00 were not supported by petty cash vouchers and receipts/cash invoices to authenticate the transactions. **See Appendix 8 for details.**
- The policy established a ceiling of US\$2000.00 and a floor of US\$500.00 to be



held for petty cash as well as a spending limit up to US\$200.00 contrary to the requirements of the PFM Regulations of 2009.

- Several of the petty cash usage reports submitted for replenishment were not reviewed by the appropriate senior personnel as required by the policy.
- There is no provision in the policy about regular petty cash count and there was no evidence that independent senior personnel conducted regular count of petty cash during the period to ensure check and balances in the management of petty cash.

Risk

- 1.1.11.4 In the absence of supporting documents, the validity, occurrence and accuracy of the payment cannot be assured. This could lead to misappropriation of the entity's funds.
- 1.1.11.5 Failure to ensure proper management of petty cash could lead to the untimely detection and corrections of irregularity that may exist over the control of petty cash.
- 1.1.11.6 The lack of regular petty cash count provides opportunity for diversion of cash to personal use and creates inaccurate balances, which could lead to misstatement of the financial statements.

Recommendation

- 1.1.11.7 The Management of NPHIL should provide the necessary supporting documents for petty cash expended without adequate documents as well as material justification for the weaknesses identified in the management of petty cash.
- 1.1.11.8 Going forward, Management should ensure that petty cash expended is fully supported by all relevant documents and copies maintain for administrative and audit purposes. Management should conduct regular cash count to ensure that cash on hand for the purpose of petty spending tallies with the petty cash record at all times and as well ensure that petty cash policy is in compliance with the PFM Act of 2009 and its accompanying Regulations.

Management's Response

- 1.1.11.9 *The Petty Cash Policy was approved by management and copy is attached for your review (See Attached Policy). The Chief Accountant reviews and signs off on the replenishment report prepared by the cashier. During the period under review the internal audit function was not yet established within the institution, thus as part of his supervisory duty, the Chief Accountant performed cash count and signs a report which is attached to the liquidation report. The Approved Petty Cash Policy has provisions for thresholds of single transaction, float and minimum balance before replenishment. Petty cash voucher numbers (PV#s 0039, 0040, 0041, 0042, 0043, 0044, 0052, 0057) are provided in attachments labelled 1.1.16)*



Auditor General's Position

1.1.11.10 The documentation provided by Management addressed the issue of the US\$585.00 not supported by petty cash vouchers and receipts/cash invoices. Management did not adequately address the remaining issues with respect to petty cash. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.12 Deficiencies in the preparation of bank reconciliation

Observation

1.1.12.1 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."

1.1.12.2 We observed the following issues during our review of the bank reconciliation record:

- Bank reconciliations finalized and reviewed were not dated to determine the timeliness of the preparation and review processes.
- Checks and other reconciling items reconciled during the reconciliation process did not contain reference number for easy verification and tracing to source documents.

Risk

1.1.12.3 Failure to appropriately prepare and review bank reconciliation could lead to the untimely detection and correction of errors or omissions.

Recommendation

1.1.12.4 The NPHIL Management should provide material justification for the deficiencies noted in the preparation of bank reconciliation during the period.

1.1.12.5 Going forward, Management should ensure that bank reconciliation statements for all bank accounts are properly prepared and adequately reviewed to detect and correct errors and omissions, which may exist.

Management's Response

1.1.12.6 *Going forward, Management will ensure that bank reconciliation statements for all bank accounts are properly referenced. Please see attachments labelled 1.1.17 for signed and approved copies of bank reconciliation statements.*

Auditor General's Position

1.1.12.7 We acknowledge Management's acceptance of our finding and recommendation. We will make a follow up on the implementation during subsequent audit. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.



1.1.13 Procurement Committee and Plan

Observation

1.1.13.1 According to Sub-Part II, Section 26(1, 2, 3,4) of the Amended and Restated PPC Act of 2010, "every Procuring Entity must have established a Procurement Committee to which this Act applies. The Procurement Committee shall review and approved Procurement Plans in order to ensure that they support the objectives and operations of the Entity and comply with national budget". Further, Section 27 of the PPC Act of 2010 details the function of the Procurement Committee and the activities should be documented by minutes.

1.1.13.2 There was no evidence during the audit that the NPHIL Management established Procurement Committee and prepared Procurement Plan during the fiscal period 2016/2017 although there were procurement activities carried out.

Risk

1.1.13.3 Procurement activities of the entity could be executed arbitrarily thus, undermining the achievement of value for money.

Recommendation

1.1.13.4 The NPHIL Management should provide material justification for the non-establishment and preparation of Procurement Committee and Procurement Plan respectively.

1.1.13.5 Going forward, Management should ensure that Procurement Committee is established and Procurement Plan is prepared in compliance with the Amended and Restated PPC Act of 2010.

Management's Response

1.1.13.6 *The Procurement Division was established in August 2017. Therefore, it was not possible during the fiscal period to have a full setup of the procurement function. It is also worth noting that the Procurement Committee was established at the beginning of the Fiscal Year 17-18.*

Auditor General's Position

1.1.13.7 The Management did not adequately address the issue raised. The assertion that the Procurement Division and Procurement Committee were established August 2017 and at the beginning of Fiscal Year 17-18 respectively does not negate Management of the responsibility to conduct procurement in compliance with the requirements of the PPC Act. Therefore, we maintain our finding and recommendation. Further, Management is in breach of the PPC Act of 2005 as Amended and Restated 2010.



1.2 Donor Related Issues

1.2.1 Memorandum of Understanding for Donor Fund

Observation

1.2.1.1 Regulation A.3 (1) of the PFM regulation 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, the Comptroller General , the relevant internal auditor or any officers authorized by them, by the Minister.

1.2.1.2 There was no evidence that management developed a detailed budget for the funds provided by the (UNICEF) and World Health Organization (WHO).

1.2.1.3 Additionally, Management did not provide the Memorandums of Understanding (MoU) between NPHIL/ GOL and WHO and UNICEF, which established the funding framework.

Risk

1.2.1.4 The lack of the MoU and detailed budget could lead to discretionary spending and thus, undermine the achievement of the projects' objectives.

Recommendation

1.2.1.5 The Management of NPHIL should provide the MoU along with the detailed budgets, which served as the basis of implementation of the donors' projects.

1.2.1.6 Going forward, the Management should ensure that all relevant documents including the MoU and detailed budgets for all funds provided by donors are maintained for administrative and audit purposes.

Management's Response

1.2.1.7 *MOUs were signed between the Government of Liberia and donor partners before the establishment of NPHIL. However, efforts will be made by Management going forward to ensure that all relevant documents including, the MOUs and detailed budgets, for all funds provided by donors are maintained for administrative and audit purposes.*

Auditor General's Position

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

1.2.2 Preparation of bank reconciliation

Observation

1.2.2.1 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.”

- 1.2.2.2 We observed that bank reconciliations prepared for all the months during the fiscal period for the three donors accounts domicile at Ecobank were submitted to the Audit Team in soft copy without evidence that those reconciliations were reviewed and approved.

Risk

- 1.2.2.3 Failure to appropriately prepare and review bank reconciliation could lead to the untimely detection and correction of errors or omissions.

Recommendation

- 1.2.2.4 The NPHIL Management should provide for not ensuring that the bank reconciliation for the donor accounts were printed, reviewed and filed for administrative and audit purposes.

- 1.2.2.5 Going forward, Management should ensure that bank reconciliation statements for all bank accounts are properly prepared and adequately reviewed to detect and correct errors and omissions, which may exist.

Management’s Response

- 1.2.2.6 *Bank reconciliations were provided to the audit team upon request. However, please see attachments labelled 1.1.17 for signed and approved copies of bank reconciliation statements.*

Auditor General’s Position

- 1.2.2.7 The bank reconciliation statements presented by Management were not adequately reviewed and approved. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.2.3 Adherence to Travel Ordinance

Observation

- 1.2.3.1 The GoL revised Travel Ordinance of 2016/2017 provides Annexure II (Travel Settlement Form) for both foreign and domestic travels and requires that the form be filled by the traveler and submitted to the Financial Regulations Unit of the Ministry of Finance and Development Planning within fourteen (14) upon return from a trip. Copy of the certificates for workshop, seminars, etc. used ticket stubs and passport in the case of foreign travel should be attached.

- 1.2.3.2 We observed that Management made payments of daily sustenance allowance (DSA) to various project staff amounting to US\$28,855.00 from WHO Fund without ensuring that the staff filled the Travel Settlement Form for accountability and transparency as required by the Travel Ordinance. Further, there were no adequate supporting



documents like report/result of trip, etc. to authenticate the travel. **See Table 5 for details.**

Table 5: Daily sustenance allowance; 2016/2017- Donor Fund

Date	Description	Payee	PV#	CK#	Amount (US\$)	Comment
WHO						
22-Jun-17	Payment of DSAs & others for quarterly supportive supervision (DSAs)	Mercy Y. Gompue	PV0005	00828854	28,855.00	Settlement Form
Total					28,855.00	

Risk

1.2.3.3 The non-settlement of travel advances undermines the objective of the Travel Ordinance.

1.2.3.4 In the absence of adequate supporting documents such as the report/result of trip, the validity of the travel cannot be assured.

Recommendation

1.2.3.5 Going forward, the Management should ensure that staff returning from trip completes the appropriate travel settlement form as requires and attach all the relevant supporting documents for administrative and audit purposes.

Management's Response

1.2.3.6 *Going forward, Management will ensure that staffs returning from trips complete the appropriate travel settlement forms as required.*

Auditor General's Position

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

1.2.4 Fuel/Gasoline and Scratch Card Management System

Observation

1.2.4.1 Regulation A.15(1) of the PFM Act 2009 provides that "the head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks".

1.2.4.2 We observed that Management made payments for fuel/gasoline and scratch card in the amount of US\$23,033.50 from WHO Funds without evidence of distribution to the end users during the period under audit. There was no fuel/gasoline and scratch card distribution schedule (log) signed/acknowledged by staff entitled to fuel/gasoline and/or scratch card to validate the transactions. **See Appendix 9 for details.**

1.2.4.3 Additionally, we observed there was no guidance on the procedures for distributing gasoline & scratch cards to staff of the project.



Risk

- 1.2.4.4 In absence of distribution schedule for fuel/gasoline and scratch card the completeness of the transactions cannot be assured. This may lead to diversion of supplies intended for the operations of the entity.
- 1.2.4.5 The lack of policy to regulate the distribution and usage of fuel/gasoline and scratch card undermines transparency and accountability and could lead to misappropriation of donor funds.

Recommendation

- 1.2.4.6 The Management of NPHIL should provide the necessary supporting documents to substantiate the validity of the transactions indicated above.
- 1.2.4.7 Going forward, the Management should ensure that fuel/gasoline and scratch card for operations are distributed to the end users and the necessary documents retain for administrative and audit purposes.
- 1.2.4.8 Additionally, Management should develop policies for the management of fuel/gasoline and scratch card to promote transparency and accountability.

Management’s Response

- 1.2.4.9 *Please see attachment labelled 1.2.5 for copies of distribution logs.*

Auditor General’s Position

- 1.2.4.10 Management did not provide the supporting documents as asserted. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009

1.2.5 Payments to Third Party

Observation

- 1.2.5.1 Regulation B. 28 of the PFM Act of 2009 states, “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”.
- 1.2.5.2 We observed that several payments for goods and services in the amount of US\$29,155.00 for WHO Funds was made in the names of employees of NPHIL for subsequent disbursements to the services provider/beneficiary rather than make the payments directly to the provider/beneficiary or their authorized representatives. **See Table 6 for details.**

Table 6: Payment for Goods and Services in the names of employees - 2016/2017- Donor Fund

Date	Description	PV#	Check#	Payee		Amount (US\$)
				Name of Employee	Position	
WHO						
22-Jun-17	Payment of DSAs & others for quarterly supportive	PV0005	00828854	Mercy Y. Gonpue	Accounts Assistant/Cashier	29,155.00



Table 6: Payment for Goods and Services in the names of employees - 2016/2017- Donor Fund

Date	Description	PV#	Check#	Payee		Amount (US\$)
				Name of Employee	Position	
	supervision (DSAs)					
Total						29,155.00

Risk

1.2.5.3 Payments in the names of employees for procurement of goods and services could be diverted to personal use thus leading to misappropriation of funds.

Recommendation

1.2.5.4 The NPHIL Management should provide material justification for authorizing payments in the names of the employees of NPHIL instead of the service providers/beneficiary.

1.2.5.5 Going forward, all payments for goods and services should be made directly to the service providers/vendors or the authorized legal representative.

Management's Response

1.2.5.6 *The payment mentioned was for DSAs & other items/expenses for quarterly supportive supervision (DSAs) in the counties. The payment was raised in the Cashier's name (Mercy Y. Gompue) and not in the names of several employees as seen in Appendix 8. Most payments were made to participants in counties where access to formal banking activities was a challenge. Additionally, management found it risky to pay the beneficiaries via accounts a day prior to departure to the counties as she would run the risk of receiving multiple excuses from participants after they shall have received funds through bank accounts. Management always ensure that beneficiaries are paid on sight and where activities or the actions are carried on. Lastly, given the emergency nature of the institution functions, management always finds it challenging to raise checks for every responder to encash before departure to outbreak sights.*

Auditor General's Position

1.2.5.7 We acknowledge the Management's acceptance of our finding. However, the practice of making payments in the name of the Cashier for onward payment to other employees is inconsistent with the Public Finance Management Act of 2009. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.3 Internal Control Related Issues - GOL

1.3.1 Fuel/Gasoline and Scratch Card Management System

Observation

1.3.1.1 Regulation A.15(1) of the PFM Act 2009 provides that "the head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks".



1.3.1.2 We observed that Management made payments in the amounts of US\$360.00 and L\$769,986.00 for fuel/gasoline without evidence of distribution to the end users during the period under audit. There was no fuel/gasoline and scratch card distribution schedule (log) signed/acknowledged by staff entitled to fuel/gasoline and/or scratch card to validate the transactions. **See Appendix 10 for details.**

1.3.1.3 Additionally, Management did not develop policy to regulate the distribution and usage of fuel/gasoline during the period.

Risk

1.3.1.4 In absence of distribution schedule for fuel/gasoline the completeness of the transactions cannot be assured. This may lead to diversion of supplies intended for the operations of the entity.

1.3.1.5 The lack of policy to regulate the distribution and usage of fuel/gasoline undermines transparency and accountability and could lead to misappropriation of funds allotted to the line items.

Recommendation

1.3.1.6 The Management of NPHIL should provide the necessary supporting documents to substantiate the validity of the transactions indicated above.

1.3.1.7 Going forward, the Management should ensure that fuel/gasoline for operations are distributed to the end users and the necessary documents retain for administrative and audit purposes.

1.3.1.8 Additionally, Management should develop policies for the management of fuel/gasoline to promote transparency and accountability.

Management's Response

1.3.1.9 *Please see attachment labelled 1.3.1 for copies of distribution logs.*

Auditor General's Position

1.3.1.10 Management did not provide the supporting documents as asserted. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009

1.3.2 Payments to Third Party

Observation

1.3.2.1 Regulation B. 28 of the PFM Act of 2009 states, "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".

1.3.2.2 We observed that the NPHIL Management made several payments for goods and services in the amount of US\$28,490.00 in the names of employees of NPHIL for subsequent disbursements to the services provided/beneficiary rather than make the



payments directly to the provided/beneficiary or their authorized representatives. **See Appendix 11 for details.**

Risk

1.3.2.3 Payments in the names of employees for procurement of goods and services could be diverted to personal use thus leading to misappropriation of funds.

Recommendation

1.3.2.4 The NPHIL Management should provide material justification for authorizing payments in the names of the employees of NPHIL instead of the service providers.

1.3.2.5 Going forward, all payments for goods and services should be made directly to the service providers/vendors or the authorized legal representative.

Management's Response

1.3.2.6 *The payment mentioned was for DSAs & other items/expenses for quarterly supportive supervision (DSAs) in the counties. The payment was raised in the Cashier's name (Mercy Y. Gonpue) and not in the names of several employees as seen in Appendix 13).*

Auditor General's Position

1.3.2.7 We acknowledge the Management's acceptance of our finding. However, the practice of making payments in the name of the Cashier for onward payment to other employees is inconsistent with the Public Finance Management Act of 2009. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.3.3 Human Resource Review/Approval of Payroll

Observation

1.3.3.1 Regulation T.3 (1) of the PFM Act of 2009 states, "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (a) payments are made as and when due; (b) overpayments are not made; (c) all required deductions are made at the correct time; (d) authorised establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorised for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

1.3.3.2 We observed that Management made payments for salaries without HR Department/Section review and approval to authenticate that salaries were paid only to deserving employees.

Risk

1.3.3.3 In the absence of an approved payroll by HR Department, salaries could be paid to undeserving personnel.

Recommendation

1.3.3.4 The NPHIL Management should provide material justification for paying salaries without the HR Department approval.



- 1.3.3.5 Going forward, NPHIL Management should ensure that monthly payroll is reviewed and approved by the HR Department before payment are made.

Management's Response

- 1.3.3.6 *During this period, the Formation Team was setting up the various structures of the NPHIL and we had no human resource structure in place. The Human Resource Director was recruited in September 2017. So it was not possible at the time to have Human Resource reviewing and approving monthly payroll at the time.*

Auditor General's Position

- 1.3.3.7 Management's assertion is not materially supported. The human resource function enables the growth of the organization through employee management. Therefore, it should have been an integral part of the formation of NPHIL.
- 1.3.3.8 There should have been an independent staff to review and approve the listing of staff to avoid any irregularity before salaries were paid. Therefore, we maintain our recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.3.4 Quarterly reports not prepared and submitted to PPCC

Observation

- 1.3.4.1 Section 43.9 of the PPCA of 2005 as amended in 2010 requires that "procuring entity shall forward to the Public Procurement & Concessions Commission (PPCC) on a quarterly basis a report for monitoring and evaluation purposes of the contracts awarded during the preceding quarter".
- 1.3.4.2 There was no evidence that the NPHIL Management prepared and submitted to the PPCC, quarterly reports of contracts awarded during the fiscal period to enable the PPCC conduct monitoring and evaluation on the contracts awarded during the period.

Risk

- 1.3.4.3 The lack of monitoring and evaluation report could lead to inefficiency in the monitoring of contracts by PPCC thus, undermining accountability and transparency.

Recommendation

- 1.3.4.4 The NPHIL Management should ensure that quarterly reports for contracts awarded during the fiscal period are prepared and submitted to PPCC as required.

Management's Response

- 1.3.4.5 *During this period, the Formation Team was setting up the various structures of the NPHIL and we had no procurement structure in place. The Procurement Division was established in August 2017. So it was not possible to have a full setup of the procurement function at the time. It is also worth noting here that the Procurement Committee was established as at the beginning of the Fiscal Year 17-18.*



Auditor General's Position

- 1.3.4.6 The Management did not adequately address the issue raised. The assertion that the Procurement Division and Procurement Committee were established August 2017 and at the beginning of Fiscal Year 17-18 respectively does not negate Management of the responsibility to comply with the requirements of the PPC Act. Therefore, we maintain our finding and recommendation. Further, Management is in breach of the PPC Act of 2005 as Amended and Restated 2010.

1.4 Governance Related Issues

1.4.1 Lack of Audit Committee

Observation

- 1.4.1.1 Regulation K.10 of the PFM Act of 2009 provides 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 for which he/she is responsible.
- 1.4.1.2 We observed that there was no audit committee established at the NHPIL to monitor and address audit matters at the institution.

Risk

- 1.4.1.3 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of audit committee.

Recommendation

- 1.4.1.4 Going forward, Management should ensure that the audit committee is established and meets on quarterly basis as described in regulation K.13 of the PFM regulation of 2009.

Management's Response

- 1.4.1.5 *Fiscal Year 16-17 was the formation period for NPHIL. The Act creating NPHIL was finalized and published on January 27, 2017. Therefore, a fully functional entity with an Audit Committee was not in place.*

Auditor General's Position

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

1.4.2 Strategic Plan

Observation

- 1.4.2.1 In terms of COSO Internal Control Integrated framework, Organization should set entity level objectives that align with the entity's mission and value proposition. These high-level objectives, which are a key part of Strategic Planning, reflect management's choice of how the organization will seek to create, preserve, and realize value for its stakeholders. This guide will ensure that Management operations are ethical, orderly, economical, efficient and effective.



1.4.2.2 We observed that the NPHIL Management did not finalize and approve its Strategic Plan to serve as a basis on which resources were allocated.

Risk

1.4.2.3 The lack of a Strategic Plan could cause NPHIL Management to misdirect and non-prioritize its resources to areas that may best achieve the entity's objectives.

Recommendation

1.4.2.4 The NPHIL Management should provide material justification for the non-preparation of Strategic Plan to direct its operation.

1.4.2.5 Going forward, Management should ensure the finalization and approval of the Strategic Plan in order to conduct its operations in an ethical, orderly, economical, efficient and effective manner.

Management's Response

1.4.2.6 *Fiscal Year 16-17 was the formation period for NPHIL. The Act creating NPHIL was finalized and published on January 27, 2017. Therefore, a fully functional entity was not in place. Moreover, the strategic plan was being worked on.*

Auditor General's Position

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



1.5 SUMMARY OF IDENTIFIED AND UNCORRECTED MISSTATEMENTS

Table 7: Below is the summary of identified and uncorrected misstatements that formed the basis of our opinion.

Paragraph#	Description	Amount	
		US\$	L\$
Misstatement related to GOL Fund			
Others			
1.1.2	Difference between the closing cash balance reported in the Financial Statements and the general Ledger	75,497.24	-

APPENDIX

Appendix 1: Closing cash balances per Financial Statements and ledger (Cash book); 2016/2017- GOL Fund- *Adjustment after Management Letter*

A. Closing Cash balance per Ledger (Cash Book) as at June 30, 2017						
Bank/Cash A	Account# B	Cash Balances		L\$ conversion Rate E	Converted amount in US\$ (per financial statement) F	Total Cash (US\$) G=(D+F)
		L\$ C	US\$ D			
LBDI-US\$	001USD2 13222981 01	-	378,634.30	-	-	378,634.30
LBDI-US\$	001USD2 13222981 03	-	-	-	-	-
LBDI-L\$	001LRD2 13222981 02	114,877,938.24	-	106.20	1,081,713.17	1,081,713.17
Petty Cash report (Closing Balance) as at June 30, 2017	Nil	-	1,564.03	-	-	1,564.03
Total-A						1,461,911.50
B. Closing Cash balance per Financial Statement as at June 30, 2017						
Bank/Cash		Account#		Amount in US\$		
Closing Balance for GOL Fund		Nil		1,386,414.26		
Total-B						1,386,414.26
Total-C (A-B)						75,497.24



Appendix 2: Transaction with Vendors Whose Tax Clearances were Signed by Proxy; 2016/2017

N O	Date	Description	Payee	PV#	CK#	Amount	
						L\$	US\$
1	31-May-17	50%-part payment for erection of two NPHIL signboards at HQ & SKD Boulevard junction	City Aluminum	PV0036	0080036	-	2,250.00
2	29-Jun-17	Purchase of one bid box and information bulletin board for NPHIL head office	Modern Aluminum Factory	PV0066	0080056	-	475.00
3	23-May-17	Payment for Servicing of Director General Officeicial Vehicle (plate # LB-1004)	GBK Motors Inc.	PV0014	80025	-	1,423.00
4	22-Jun-17	Purchase of ten tires for NPHIL vehicles	Autorun General Spare Parts	PV0058	0080051	-	2,040.00
5	30-May-17	Purchase of 2 sets of cartridges for the office of DDGTS	United Office Supplies & Equipment Co.	PV0029	00120121	47,460.00	-
6	30-May-17	Purchase of Office Supplies for Division of Global Health	United Office Supplies & Equipment Co.	PV0030	00120122	35,595.00	-
7	30-May-17	Purchase of Cartridges for Office of the DG	United Office Supplies & Equipment Co.	PV0033	00120125	64,975.00	-
8	12-Jun-17	Purchase of one Filing Cabinet, one Refrigerator, one Office Chair, and one Flat Screen Monitor for office of DDGTS	Office Ideas	PV0054	"00120129	202,920.00	-
9	9-Jun-17	Payment for security service rendered during the months of January and February 2017	Aries Security Service	PV0050	00080044	-	4,000.00
10	5-Jun-17	Purchase of 1 Freezer, 1 Electric Stove, 1 Water Dispenser, 1 Washing machine, 1 Drying Machine & 3 Air Conditioners for NRL	Naresh Brothers	PV0040	00080038	-	2,395.50
11	12-Jun-17	Purchase of one submersible Pump for water supply to NPHIL HQ	Marconi & Company	PV0051	00080045	-	1,500.00
12	29-Jun-17	Purchase of Hardware and Electrical Materials for fence, Drivers pool & Security booth	Techo Tech	PV0064	00080054	-	1,530.00
13	29-Jun-17	Purchase of Cable channels cat 6 cable RJ45, Network tools kit	Techo Tech	PV0065	00080055	-	486.00
14	11-May-17	Payment for Supply of Furniture, Equipment and office Supplies for DFM	United office Supplies & Equipment	PV0009	80020	-	2,202.00

Appendix 2: Transaction with Vendors Whose Tax Clearances were Signed by Proxy; 2016/2017

N O	Date	Description	Payee	PV#	CK#	Amount	
						L\$	US\$
			Company				
15	15-Jun-17	Purchase Assorted Plumbing Materials for LIBR & NRL Facility	Building Materials Center	PV0056	80048	-	946.50
16	15-Jun-17	Purchase Maintenance Materials & Equipment for LIBR & NRL Facility	Building Materials Center	PV0057	80049	-	691.00
Total						350,950.00	19,939.00

Appendix 3 : Salary paid to DG and DDGA For January and February, 2017

No.	Names	Positions	Bank	Account Numbers	Monthly Gross Salary (US\$)	Jan. and Feb. 2017 total Net Salary (US\$)	Jan. and Feb. 2017 total Net Salary (L\$)	Comment
1	Tolbert G. Nyenswah	Director General	Guaranty Trust Bank	2011001041590LRD/2011001042590	13,773.50	16,000.00	416,000.00	No evidence of essential document such as; appointment letter, copy of credentials, resume, etc. on personnel file
2	Henry A. Blake Jr.	Deputy Director Gen/Admin.	Guaranty Trust Bank	2011004871590LRD/2011004872590	10,996.30	12,800.00	332,800.00	No evidence of essential document such as; appointment letter, copy of credentials, etc. on personnel file
Total						28,800.00	748,800.00	

Appendix 4: Variance between Budgeted and Actual Salary for DDGA and Comptroller for the period; 2016/2017

No. A	Names B	Positions C	Total gross salary per payroll (Jan. to June, 2017) D	Total gross salary per budget (Jan. to June, 2017) E	Variance E) F=(D-E)
1	Henry A. Blake Jr.	Deputy Director Gen/Admin.	65,977.80	60,000.00	5,977.80
2	Fidel D. Wiah	Comptroller	33,201.00	27,000.00	6,201.00
Total					12,178.80



Appendix 5: GOL Salary received for staff placed on Donor payroll for 2016/2017

No. A	Names B	Positions C	Date of Employment D	Monthly Gross Salary (US\$) E	MFDP Disbursement record			Comment	
					Frequency of payment (# of month) US\$ F	Total Gross Salary G=(E*F)	Total Net Salary Disbursed to NPHIL (L\$) H		Total Net Salary Disbursed to NPHIL (US\$) I
1	Dr. Monsoka Fallah	Deputy Director General Technical Serv.	None	10,996.30	5	54,981.50	727,387.15	34,621.84	Staff was paid by Donor
2	Dr. Thelma Nelson	Director of Global Health	1/26/2017	6,700.00	4	26,800.00	337,079.10	17,117.40	Staff was paid by Donor
3	Dr. Benjamin Vohn	Director Disease Prevention and Control	1/26/2017	6,700.00	4	26,800.00	337,079.10	17,117.40	Staff was paid by Donor
4	Philip K. Bemah	Operations Manager	1/26/2017	6,700.00	5	33,500.00	446,563.80	21,159.91	Staff was paid by Donor
5	Amos F. Gborie	Deputy Director Enviromental and Occupational Health	1/26/2017	6,700.00	5	33,500.00	446,563.80	21,159.91	Staff was not paid by Donor
6	Thomas Nagbe	Director Infections Disease	1/26/2017	6,700.00	4	26,800.00	446,563.80	16,252.98	Staff was not paid by Donor
7	Eric J. Miller	Administrator/EOC	None	4,300.00	4	17,200.00	289,690.20	10,460.72	Staff was paid by Donor
8	Thomas Morris	Epidemiologist	1/26/2017	6,700.00	4	26,800.00	446,563.80	16,252.98	Staff was paid by Donor
9	Eric J. Miller	Senior Epidemiologist	None	5,064.77	1	5,064.77	91,388.41	3,138.81	Staff was not paid by



Appendix 5: GOL Salary received for staff placed on Donor payroll for 2016/2017

No. A	Names B	Positions C	Date of Employment D	Monthly Gross Salary (US\$) E	MFDP Disbursement record				Comment
					Frequency of payment (# of month) US\$ F	Total Gross Salary G=(E*F)	Total Net Salary Disbursed to NPHIL (L\$) H	Total Net Salary Disbursed to NPHIL (US\$) I	
									Donor
Total						251,446.27	3,568,879.16	157,281.95	

Appendix 6: Purchases not in line with Procurement Procedures

No	Date	Description	Payee	PV#	CK#	Amount		Required Procurement Method (per expenditure line item)	Method Used/Doc uments Available
						L\$	US\$		
1	30-May-17	Purchase of 2 sets of cartridges for the office of DDGTS	United Office Supplies & Equipment Co.	PV0029	00120121	47,460.00	-	National Competitive Bidding (NCB)	RFQ
2	30-May-17	Purchase of Office Supplies for Division of Global Health	United Office Supplies & Equipment Co.	PV0030	00120122	35,595.00	-	NCB	RFQ
3	30-May-17	Purchase of Cartridges for Office of the DG	United Office Supplies & Equipment Co.	PV0033	00120125	64,975.00	-	NCB	RFQ
4	12-Jun-17	Purchase of one Filing Cabinet, one Refrigerator, one Office Chair, and one Flat Screen Monitor for office of DDGTS	Office Ideas	PV0054	"00120129	202,920.00	-	NCB	RFQ
5	9-Jun-17	Payment for security	Aries Security	PV0050	00080044	-	4,000.00	RFQ	none



Appendix 5: GOL Salary received for staff placed on Donor payroll for 2016/2017

No. A	Names B	Positions C	Date of Employment D	Monthly Gross Salary (US\$) E	MFDP Disbursement record				Comment
					Frequency of payment (# of month) US\$ F	Total Gross Salary G=(E*F)	Total Net Salary Disbursed to NPHIL (L\$) H	Total Net Salary Disbursed to NPHIL (US\$) I	
		service rendered during the months of January and February 2017	Service						
6	16-May-17	Purchase of 500 gls of fuel (Diesel) for operations	Super Petroleum	PV0013	00120118	170,856.00	-	NCB	RFQ
7	31-May-17	Purchase of 750 gls of fuel for operations	Aminata & Sons Inc.	PV0035	00120126	256,770.00	2,468.98	NCB	RFQ
8	31-May-17	Purchase of 1000 gls for operations	Aminata & Sons Inc.	PV0035	00120126	342,360.00	3,291.92	NCB	RFQ
9	30-May-17	Purchase of 3pcs of Air Conditioners for NRL	Office Ideas	PV0032	00120124	213,750.00	-	NCB	RFQ
10	1-Jun-17	Purchase of Electrical materials for grounding of 220KVA generator at NPHIL HQ	Eagle Electrical Corporation	PV0037	00080037	-	2,553.75	NCB	RFQ
11	5-Jun-17	Purchase of 1 Freezer, 1 Electric Stove, 1 Water Dispenser, 1 Washing machine, 1 Drying Machine & 3 Air Conditioners for NRL	Naresh Brothers	PV0040	00080038	-	2,395.50	NCB	RFQ
12	12-Jun-17	Purchase of one submersible Pump for water supply to NPHIL HQ	Marconi & Company	PV0051	00080045	-	1,500.00	NCB	RFQ



Appendix 5: GOL Salary received for staff placed on Donor payroll for 2016/2017

No. A	Names B	Positions C	Date of Employment D	Monthly Gross Salary (US\$) E	MFDP Disbursement record				Comment
					Frequency of payment (# of month) US\$ F	Total Gross Salary G=(E*F)	Total Net Salary Disbursed to NPHIL (L\$) H	Total Net Salary Disbursed to NPHIL (US\$) I	
13	29-Jun-17	Purchase of Hardware and Electrical Materials for fence, Drivers pool & Security booth	Techo Tech	PV0064	00080054	-	1,530.00	NCB	RFQ
14	29-Jun-17	Purchase of Cable channels cat 6 cable RJ45, Network tools kit	Techo Tech	PV0065	00080055	-	486.00	NCB	RFQ
Total						1,334,686.00	18,226.15		

Appendix 7: Daily sustenance allowance; 2016/2017-GOL Fund

Date	Description	Payee	PV#	Check#	Amount (L\$)	Comment
11-May-17	DSA for team to Sinoe County for response to Outbreak	Mercy Y. Gonpue	PV0011	0080023	21,000.00	settlement form, report/result of trip, etc. for US\$21,000.00 used on DSA out of US\$25,450.00.00 expended
17-May-17	Reimbursement of DSAs for 4 staffs on Presidential tour of Lofa Conty (April 29 - May 2, 2017)	Mercy Y. Gonpue	PV0017	0080027	840.00	settlement form, report/result of trip, etc.
17-May-17	Reimbursement of DSAs for 4 staffs on Presidential tour of Gd. Bassa & Rivercess Conties (May 8 - 11, 2017)	Mercy Y. Gonpue	PV0018	0080028	840.00	settlement form, report/result of trip, etc.
14-Jun-17	Staffs DSA	Mercy Y. Gonpue	PV0055	00080050	920.00	settlement form, report/result of trip, etc. for US\$920.00 used on DSA out of US\$1,000.00 expended



Appendix 7: Daily sustenance allowance; 2016/2017-GOL Fund

Date	Description	Payee	PV#	Check#	Amount (L\$)	Comment
Total					23,600.00	

Appendix 8: Payment Without Petty Cash Voucher and Receipt; 2016/2017

No.	Date	Description	Payee	Petty Cash Voucher#	Amount (US\$)
1	30-May-17	Payment for tires repairs and hauling of NPHIL vehicle from GSA	James Momo (MASARCO)	Pv0039	20.00
2	30-May-17	Purchase of fuel for NPHIL vehicle LB-1139 & LB-1313	Total (MASARCO)	Pv0040	30.00
3	30-May-17	Purchase of hotspot (one) for legal consultancy	Cellcom/Orange	Pv0041	54.00
4	30-May-17	Purchase of HP Destjet 2130 color printer & other office supplies for legal office	United Office Supllies	Pv0042	126.00
5	30-May-17	50% balance payment on business cards for DDGA and core staff	Magnet Printing	Pv0043	165.00
6	30-May-17	Purchase of fuel for NPHIL vehicle LB-1313	Total (MASARCO)	Pv0044	10.00
7	8-Jun-17	For the purchase of 4pcs of cable channel & 1 pack of screw nails "2".	Eagle Eletrical Corp.	Pv0052	30.00
8	13-Jun-17	Payment for one 70amps dry cell battery for LIBR mini bus	Mr. Gayflor Nuwolo	Pv0057	150.00
Total					585.00

Appendix 9: Fuel/gasoline and scratch card procured without evidence of distribution to the end - users; 2016/2017 - Donor Fund

NO	Date	Description	Payee	PV#	CK#	Amount (US\$)
WHO						
1	21-Jun-17	Purchase of scratch cards for staffs communications (one month)	Favor Marketing Inc.	PV002	00828851	4,982.00
2	22-Jun-17	Intra county fuel for DSOs and CSOs for quarterly supportive supervision	DSOs & CSOs	PV005	00828855	1,837.50
3	30-Jun-17	Payment for petroleum products/fuel for quarterly supportive supervision	Super Petroleum Company	PV011	00828859	6,573.00
4	21-Jun-17	Purchase of 3,100gls of fuel (coupons) for operations	Aminata & Sons Inc.	PV003	00828852	9,641.00
Total						23,033.50

Appendix 10: Fuel/gasoline procured without evidence of distribution to end-users; 2016/2017 - GOL Fund

Date	Description	Payee	PV#	Check#	Amount
------	-------------	-------	-----	--------	--------



Appendix 9: Fuel/gasoline and scratch card procured without evidence of distribution to the end - users; 2016/2017 - Donor Fund

NO	Date	Description	Payee		PV#	CK#	Amount (US\$)
						L\$	US\$
11-May-17		Operational Fuel for DEOH Drinking Water Companies Monitoring Exercise	Mercy Y. Gompue	PV0012	0080024	-	360.00
16-May-17		Purchase of 500 gls of fuel (Diesel) for operations	Super Petroleum	PV0013	00120118	170,856.00	-
31-May-17		Purchase of 750 gls of fuel for operations	Aminata & Sons Inc.	PV0035	00120126	256,770.00	-
31-May-17		Purchase of 750 gls of fuel for operations	Aminata & Sons Inc.	PV0035	00120126	342,360.00	-
Total						769,986.00	360.00

Appendix 11: Payment for Goods and Services in the Names of Employees; 2016/2017- GOL Fund

Date	Description	PV#	Check#	Payee		Amount (US\$)
				Name of Employee	Position	
11-May-17	DSA for team to Sinoe County for response to Outbreak	PV0011	0080023	Mercy Y. Gompue	Accounts Assistance/ Cashier	25,450.00
17-May-17	Reimbursement of DSAs for 4 staffs on Presidential tour of Lofa Conty (April 29 - May 2, 2017)	PV0017	0080027	Mercy Y. Gompue	Accounts Assistance/ Cashier	840.00
17-May-17	Reimbursement of DSAs for 4 staffs on Presidential tour of Gd. Bassa & Rivercess Conties (May 8 - 11, 2017)	PV0018	0080028	Mercy Y. Gompue	Accounts Assistance/ Cashier	840.00
14-Jun-17	Staffs DSA	PV0055	00080050	Mercy Y. Gompue	Accounts Assistance/ Cashier	1,000.00
11-May-17	Operational Fuel for DEOH Drinking Water Companies Monitoring Exercise	PV0012	0080024	Mercy Y. Gompue	Accounts Assistance/ Cashier	360.00
Total						28,490.00

