



Management Letter

On the Financial Statements Audit of the Liberia Anti-Corruption Commission (LACC)

For The Fiscal Year Ended June 30, 2018



Promoting Accountability of Public Resources

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

Monrovia, Liberia
December 2020

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Acronyms

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
CPA	Certified Public Accountant
CGMA	Chartered Global Management Accountant
DSA	Daily Sustenance Allowance
EPS	Executive Protection Services
FAR	Fixed asset Register
GAC	General Auditing Commission
GOL	Government of Liberia
ICT	Information and Communication Technology
IPSAS	International Public Sector Accounting Standards
ISSIAs	International Standards of Supreme Audit Institutions
LACC	Liberia Anti-Corruption Commission
LD	Liberian Dollars
ML	Management Letter
NCB	National Competitive Bidding
NSSRL	National Security Strategy of the Republic of Liberia
PFM	Public Financial Management
PPCA	Public Procurement & Concession Commission Act
PPCC	Public Procurement & Concession Commission
PV	Payment Voucher
RFQ	Request for quotation
NORAD	Norwegian Agency for Development Cooperation
UN	United Nations
USD	United state Dollars



December 31, 2020

Liberia Anti-Corruption Commission
Congo Town
Monrovia Liberia

Dear Sir:

RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA ANTI-CORRUPTION COMMISSION FOR THE FISCAL PERIOD ENDED 30 JUNE 2018

The Financial statements of Liberia Anti-Corruption Commission 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 Liberia Anti-Corruption Commission for the period 2017/2018 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

Name	Position	Tenure
Cllr. James N. Verdier, Jr.	Chairperson	2013-present
Cllr. J. Augustine Toe	Vice Chairperson	2010-2017
Hon. Charles J.L. Gibson	Commissioner/Administration	2014-Present
M. Osman Kanneh	Commissioner/Enforcement	2010-2017
Sheba Brown	Commissioner/Enforcement	2017-Present
Aba Hamilton-Dolo	Commissioner/Education and Prevention	2014-present
Daniel B. Tipayson	Executive Director	2010-2017
Mohammed E. Fahnbulleh	Executive Director	2017-present
J. Bernard Nagbe	Comptroller	2008-present

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Liberia Anti-Corruption Commission during the audit. The audit findings, which were identified during the course of the audit, are stated below.



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

Monrovia, Liberia

December 2020

1 DETAILED FINDINGS AND RECOMMENDATIONS

This section highlights findings identified during our audit and our recommendations to strengthen the financial, internal control and governance systems of the Liberia Anti-Corruption Commission and improve the operating efficiency.

1.1. Financial Issues for GOL Related Transactions

1.1.1 Payments without adequate supporting documents-GOL Fund

Observation

1.1.1.1 Regulation P.9 (2) of the Public Finance Management (PFM) Act of 2009 states, "Payments except for statutory transfers and debt service shall be supported by invoices bills and other documents in addition to the payment vouchers".

1.1.1.2 Additionally, section 3.3 (xi) of the LACC Financial Hand Book of 2015 clarifies that supporting documents for expenditure contains Approved Requisitions; Bids/Quotations; Procurement Committee Report Inclusive of Bids Analysis; Signed Contract or Purchase Order; Invoices; Delivery Order/Note and Payment Voucher.

1.1.1.3 We observed that several payments in the amount of **US\$11,283.35** and **L\$1,178,761.71** for goods/services were not adequately supported by the necessary documents such as delivery notes and/or job completion certificate, Local Purchase Order and cash invoices. In some instances, there were no payment vouchers along with the relevant supporting documents for transactions recorded in the ledger. **See Appendix 1 below for details.**

1.1.1.4 Additionally, we observed that several business entities/ suppliers from which management procured goods/services in the amounts of **US\$10,699.35** and **L\$3,092,434.11** did not have valid Business Registration and Business Income Tax certificates/Clearances during the period under audit to authenticate the suppliers' compliance with the revenue/tax law of Liberia. **See Appendix 2 below for details.**

Risk

1.1.1.5 In the absence of adequate supporting documents, the validity of the payment cannot be assured. This could lead to misappropriation of the entity's funds.

1.1.1.6 Transactions with unregistered and non-tax compliance vendor could deprive GOL of the much-needed revenue to implement its programs.

Recommendation

1.1.1.7 The Management of LACC should provide all the necessary supporting documents to substantiate the transactions indicated.

1.1.1.8 Going forward, the Management should ensure that payments for goods and services are fully supported by all relevant documents for administrative and audit purposes.

- 1.1.1.9 Further, management should ensure that its supplier of goods/services holds valid Business Registration and Business Income Tax certificates/Clearances before conducting business with unregistered vendor/supplier.

Management's Response

- 1.1.1.10 *Please conduct a re-evaluation of all said payments. Those payments were obligated and consummated for periods when the business documents were valid but were paid late in subsequent months and had nothing to do with the validity of those business documents at the time and consummation of the transaction. The vendors were paid late far beyond the provision of goods and/or services. See the necessary supporting documents attached for Appendix 1.*

Auditor General's Position

- 1.1.1.11 Documents provided by the Management amounted to US\$3,843.35 and L\$984,093.71 out of the total amounts of US\$11,283.35 and L\$1,178,761.71 for Appendix 1. Therefore, we have modified our recommendation for Management to account for US\$7,440.00 (11,283.35 - 3,843.35) and L\$194,668.00 (1,178,761.71 - 984,093.71) without supporting documents. However, Management did not adequately address the issue raised regarding Business Registration and Business Income Tax certificates/Clearances for vendors. Therefore, we maintain our recommendation.

1.1.2 Foreign Currency Exchange Gain

Observation

- 1.1.2.1 Regulation A.3 (1) of the Public Finance Management (PFM) Act of 2009 states, " Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and 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".

- 1.1.2.2 The Statement of Receipts and Payment revealed a foreign currency exchanged gain of US\$1,436.17 but there was no evidence to authenticate the gain.

Risk

- 1.1.2.3 In the absence of adequate supporting documents, the validity of the gain cannot be assured. This could lead to misstatement of the financial statements.

Recommendation

- 1.1.2.4 The Management of LACC should provide the necessary supporting documents to substantiate the gain.

Management's Response

- 1.1.2.5 *Please see attached, samples of LACC Cashbook or Ledgers which you utilized during the course of the Audit. We have a dual currency regime in place in Liberia. The budget*

is approved in United States Dollars and the Cash Basis IPSAS is compiled and completed in United States Dollars as it is with the Annual Budget. The Cashbook or Ledger is maintained separately for the Liberian Dollar currency. Please examine the last three columns at the right. Those columns have a caption Liberian Dollars, while the first of the three columns is captioned "USD Value at Exchange Rate..."; this column shows the equivalent rate of USD applied to each Liberian Dollar spent, the second column is captioned "Bank"; that is where the actual Liberian dollar paid or received is recorded, the third and final column is captioned "Total". The Foreign Exchange Gain and Loss is produced by these currency translation differences. In the Cash Basis IPSAS as adopted by the Government once you insert the opening balance and you input the closing balance based on all of the accounts automatically the foreign currency gain or loss is generated from the variation on tables for exchange rates. Note: During the fiscal year the exchange rate is never constant it fluctuates upwards and downwards.

Auditor General's Position

- 1.1.2.6 Document provided was inadequate. There was no evidence to authenticate the exchange gain during the period. Going forward, Management should maintain detail record of exchange gain/loss for administrative and audit purposes. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.3 Budget for Special Operation and Intelligent Services

Observation

- 1.1.3.1 Regulation D.14 (1 and 2) of the Public Finance Management (PFM) Act of 2009 states "(1) Where in the national budget or supplementary appropriations, budgetary classifications are made for expenditures of a confidential nature; the details of such classification shall be presented and agreed with the leadership of the Legislature. (2) After agreeing with Leadership of the Legislature, then the summary, subtotal or total shall be shown in the National Budget or added to another figure in the National Budget or the Supplementary Budget".

- 1.1.3.2 There was no evidence during the audit that the Management of the LACC obtained the approval of the leadership of the Legislature for fund budgeted as confidential expenditure for use under LACC's special operation and intelligent services budget line.

Risk

- 1.1.3.3 The lack of legislative approval for expenditure classified as could undermine transparency and lead to misappropriation of the entity's fund.

Recommendation

- 1.1.3.4 The Management of LACC should provide material justification for the classification of expenditure as confidential without the review and approval of the leadership of the Legislature.
- 1.1.3.5 Going forward, the Management should ensure that the details of budgetary appropriation classified as confidential is submitted to the leadership of the Legislature for review and approval prior to inclusion in the entity's budget for the fiscal period.

Management's Response

- 1.1.3.6 *Please see attached copies of the LACC Budget for the fiscal year 2017-2018. We were allocated and had an approved budget for Intelligence Services in the amount of US \$ 24,000. We have highlighted the budget line for your easy reference. Please, there is also allocation for an additional US \$ 6,000 dollars for Special Operations Services. In Addition to the approved budget for the fiscal year mentioned above, Part XIII: Independence: Cooperation of the LACC Act of August 2008 states "The Commission shall be independent in all its operations. It shall enjoy financial autonomy and operational independence; and shall generally formulate policies and discharge it's functions without regards to political, religious or other social concerns, except to the extent reasonably necessary to further the Commission's general mandate to combat corruption. On a serious note, the LACC does not confirm the existence of an Investigation nor does the LACC discusses an ongoing investigation. This is covered under the LACC's Code of Conduct.*

Auditor General's Position

- 1.1.3.7 Management provided no evidence that it met the requirement of PFM Regulation D.14 before the expenditure were made. 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.

1.1.4 Payment for Special Operation and Intelligent Services

Observation

- 1.1.4.1 Section 3.3 (i-x and xi) of the LACC Financial Hand Book of 2015 provides the step-by-step procedures for the authorization and disbursement of expenditure of the commission. The expenditure should contain supporting documents such as Approved Requisitions; Bids/Quotations; Procurement Committee Report Inclusive of Bids Analysis; Signed Contract or Purchase Order; Invoices; Delivery Order/Note and Payment Voucher.
- 1.1.4.2 Additionally, the National Security Strategy of the Republic of Liberia (NSSRL) lists the LACC as part of public institutions concerned with security matters.
- 1.1.4.3 In terms of Committee of Sponsoring Organization of the Tradeway Commission (COSO) Internal Control Integrated framework, organization should develop policies and the relevant procedures to guide its operations. This will ensure the achievement of established objectives in every area of operation.
- 1.1.4.4 Our review and analysis of transactions for the LACC Special Operation and Intelligent Services revealed that payments in the amount of US\$2,215.00 and L\$116,330.00 were made for non-security transactions for DSA, consultancy, etc. without the necessary supporting documents such as such as receipt, travel settlement form, etc. to authenticate the transactions. **See Table 1 below for details.**
- 1.1.4.5 Additionally, there was no evidence that following the NSSRL, the Management developed policy to regulate its security related transactions to promote accountability

and transparency in the use of funds allocated to its Special Operation and Intelligent Services.

Table 1: Non-security transactions without adequate supporting documents; 2017/2018

Date	Description	Payee (Suppliers)	Check/Reference#	Amount		Comment
				US\$	L\$	
12-Jan-018	Intelligence Services-consultant (engineer)	Munyu M. Kamara	0450090	500.00	-	No RFQ, job completion certificate and valid receipt
22-Nov-017	Intelligence Services-consultant (engineer)	Manyu M.Kamarah	0111843	-	116,330.00	No RFQ, job completion certificate and valid receipt
03-Jan-018	Intelligence Services-DSA	George Dahn	0450086	715.00	-	No travel settlement form
09-Oct-017	Special Operations Services	Loretta M. Dawolo	0450171	1,000.00	-	No request and other documents
Total				2,215.00	116,330.00	

Risk

- 1.1.4.6 In the absence of adequate supporting documents, the validity of the payment cannot be assured. This could lead to misappropriation of the entity's fund.
- 1.1.4.7 The lack of policy to regulate the usage of fund allocated to Special Operation and Intelligent Services could lead to discretionary spending and undermine LACC's objective.

Recommendation

- 1.1.4.8 The Management of LACC should provide all necessary supporting documents to substantiate the transactions indicated.
- 1.1.4.9 Going forward, the Management should adhere to its procedures on processing transaction for non-security related activities.
- 1.1.4.10 Management should develop policy that regulates its security related transactions to promote accountability and transparency and supports the achievement of LACC's objective.

Management's Response

- 1.1.4.11 *Table 1. These payments were Security related transactions as they facilitated Intelligence for cases under investigation, an engineer hired to conduct appraisal on an unexplained wealth or property acquisition. This was not a payment for goods. Check number "0450090 & 0111843 were purely Intelligence Services and did not require RFQ, job completion certificate and receipt. Check number "0450086 & 0450171 were also Security related transactions and expended under Intelligence. LACC is a Security Related Agency and had approval to spend those funds under its approved budget of*

2017-2018. The LACC does not confirm the existence of an Investigation nor does the LACC discuss an ongoing investigation. This is covered under the LACC's Code of Conduct.

Auditor General's Position

- 1.1.4.12 Management did not provide the necessary supporting documents for the issue raised. The PFM Act does not exempt security operations from maintaining adequate supporting documentation for proper accountability and expenditure control. 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.

1.1.5 Adherence to Travel Ordinance

Observation

- 1.1.5.1 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.

- 1.1.5.2 We observed that the LACC Management paid daily sustenance allowance (DSA) and incidental allowances in the amount of **US\$7,315.00** and **L\$449,550.20** to staff who travel during the fiscal year 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 by the Government of Liberia Travel Ordinance of 2016/2017. **See Appendix 3 below for details.**

Risk

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

Recommendation

- 1.1.5.4 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

- 1.1.5.5 *In the travel ordinance, you considered 11 & 12 for all categories. That is not the scenario here. Ordinance 11, states "In addition to accommodation and perform allowances, all heads of delegations other than for Presidential, Vice Presidential, Speaker, Chief Justice, President Pro-tempore and Deputy Speaker travels shall be given a lump-sum payment of US \$ 280.00 for telephone, telegraph, internet and official entertainment. Ordinance number 12, all incidental expenses shall be supported by proper receipts, except for gratuity not exceeding 20% of amount disbursed.*

- 1.1.5.6 *Please look at Ordinance number 27, "In case the visit abroad is sponsored by an external agency that bears the cost of the visit including airfare, lodging along with a*

nominal allowance for pocket expenses, no additional per diem allowance shall be paid the Government of Liberia. However, a lump sum amount of US \$ 280 to each individual on a delegation”.

Auditor General’s Position

1.1.5.7 Management did not adequately address the issue raised. All staffs that traveled in an entity are required to complete and submit the travel settlement forms to MFDP (MoF) upon return from trips as well as provide the necessary receipts for expenditure made from incidental funds provided for the trip. Therefore, we maintain our finding and recommendation. Further Management is in breach of the Travel Ordinance.

1.1.6 Fuel/Gasoline Management System

Observation

1.1.6.1 Regulation P.9 (2) of the Public Finance Management (PFM) Act of 2009 states, “Payments except for statutory transfers and debt service shall be supported by invoices bills and other documents in addition to the payment vouchers”.

1.1.6.2 Additionally, section 2 of the LACC Transportation Policy provides that:

- Supplies of fuel/gas to utility vehicles shall be allocated based on usage and the drivers shall prepare periodic fuel-consumption report which shall include travel log to track distances and places travelled. This shall form the basis for subsequent supply.
- Fuel/gas for assigned vehicles shall be allocated based on budget and distribution to staff of those vehicles is based on seniority and duties with the same quantity of supply being given to staff of the same level/position.
- At the beginning of each fiscal year (July 1), staff will be notified of their annual and monthly fuel/gas supplies budgetary allocations.

1.1.6.3 We observed that Management made payments in the amount of **US\$1,998.00** and **L\$ 79,440.00** for fuel/gasoline without evidence of distribution to the end users during the period under audit. There was no fuel/gasoline distribution schedule (log) signed/acknowledged by staff entitled to fuel/gasoline for assigned and utility vehicles to validate the transactions. **See Table 2 below for details.**

1.1.6.4 Additionally, we observed the following weaknesses in the fuel/gasoline management system:

- No evidence that the staff responsible for fuel/gasoline supplied for utility vehicles prepared and submitted fuel/gasoline consumption reports to serve as a basis for subsequent supply to those vehicles as required by the LACC Transportation Policy
- There was no evidence that management developed fuel/gasoline distribution matrix indicating the quantity of fuel/gasoline allocated to staff entitled to fuel/gasoline for assigned and utility vehicles at the beginning of the fiscal period as required by the LACC Transportation Policy.

Table 2: Fuel/gasoline procured without evidence of distribution to end-users

Date	Description	Payee	Check / Reference	Amount	
				US\$	L\$
23-Oct-017	F&L-Vehicle	Total Liberia Inc	1910172	1,654.00	-
17-Oct-017	F&L-Vehicle	Total Liberia Inc	1310171	-	39,720.00
07-feb-018	F&L-Vehicle	Total Liberia Inc	702181	344.00	-
25-Oct 017	F&L-Vehicle	Total Liberia Inc	2410171	-	39,720.00
Total				1,998.00	79,440.00

Risk

- 1.1.6.5 The lack of fuel/gasoline distribution schedule undermines accountability and transparency and could lead to misappropriation of the entity's funds.
- 1.1.6.6 Non-compliance to the policy on fuel/gasoline management could lead to waste and abuse of the supply.

Recommendation

- 1.1.6.7 The Management of LACC should provide the necessary supporting documents to substantiate the transactions indicated above.
- 1.1.6.8 Going forward, the Management should ensure that fuel/gasoline for operation is distributed to the end users and the necessary documents retain for administrative and audit purposes. Additionally, the policy on fuel/gasoline management should be fully adhered to.

Management's Response

- 1.1.6.9 *Please see voucher marked LACC V# 248 amount US 344. It has the travel log and the fuel consumption report. On the other hand, the approach on records management by the audit team produced lots misplacements. This we discovered during the course of the Audit and it worsened after the audit as we had to prepare LACC response in a very difficult displacements of records. During the course of the audit the Auditors highlighted series of payments on the ledger that they could not locate records. Notwithstanding whenever we showed up to assist them, we realized that they had a problem with re-categorizing payments by accounts and did follow specific periods and the associated currencies. This re-organization of the records presented challenges to the auditors on audit trail for records in the categories established by them. The audit strategy adopted with different categories of accounts by audit period, made it difficult to follow-up on budget codes and identifying vouchers related to specific fiscal periods. Today, as we present responses to queries highlighted in the draft audit management letter, records associated with the file labels and references on the content in the box files does not relate to the periods which they associate and it is impossible to locate records for specific periods based on the ledgers. Retrieval of records and response to queries you have presented even more difficult. Upon your completion of the audit, we have discovered complete disorganization of the records we presented on the onset of the Audit. Payment vouchers and supporting records related to specific periods are scattered in different boxes or cannot be seen anywhere in boxes for the periods in which they occurred. In some cases, supporting records are detached and placed elsewhere while the voucher itself in another location. The GAC is a witness to the LACC*

Records Management System, then (the last 3 outer years audit) and now (this four-year audit). We have decided to present our response as professional as is cogent with best practice but this strange disorganization of the records is making it difficult.

Auditor General's Position

1.1.6.10 We have made adjustments based on the documents provided by Management. However, we maintain our finding and recommendation for the transactions amounting to **US\$1,654.00** and **L\$79,440.00** without the fuel/gasoline distribution schedule. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009

1.1.7 Salary Arrears

Observation

1.1.7.1 Regulation T.3 (1 b and c) 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: (b) overpayments are not made; (c) all required deductions are made at the correct time"

1.1.7.2 We observed that the LACC Management did not exercise due care to ensure that the appropriate payment of salaries and required deductions from employees' salaries were made. It was noted that Management owed the amount of US\$136,394.52 to sixty-four (64) current and former staffs out of the total arrears of US\$358,932.77 resulting from under payment of staffs' salaries. The Comptroller informed the Audit Team that the arrear is due to excess income/withholding tax erroneously deducted from employees' salaries and remitted to GoL revenue account during the period 2009 to 2014.

1.1.7.3 Further, the necessary supporting documents such as the various payrolls relating to the excess deductions as well as the tax remittance records, formal communication between the LACC and the Ministry of Finance and Development Planning (MFDP) acknowledging and confirming the excess tax deductions and remittances, etc. were not made available to authenticate the transactions. **See Table 3 for details.**

Table 3: Salary arrears to staffs

No	Description	Number of Personnel owed	Total Arrears (US\$)	Arrears Outstanding to Date (US\$)
1	Staffs with arrears ranging from \$11.67 to \$100.00	10	645.23	245.19
2	Staffs with arrears ranging from US\$110 to \$1000.00	22	10,447.71	3,970.18
3	Staffs with arrears ranging from \$1,193.26 to \$6,000.00	18	57,407.45	21,814.83
4	Staffs with arrears ranging from \$6,352.44 to \$10,000.00	3	22,421.86	8,520.31
5	Staffs with arrears ranging from \$12,945.19 to \$20,000.00	5	73,548.09	27,948.28
6	Staffs with arrears ranging from 23,796.11 to \$51,137.41	6	194,462.43	73,895.73
Total		64	358,932.77	136,394.52

Risk

- 1.1.7.4 Failure to exercise due care in the payment of employees' salaries could result in under/over payment of salaries which may subsequently lead to loss of much needed fund to run the day-to-day operations of the entity.
- 1.1.7.5 In the absence of adequate supporting documents, the validity of the payment cannot be assured. This could lead to misappropriation of the entity's fund.

Recommendation

- 1.1.7.6 The LACC Management should provide the necessary supporting documents for the salary arrears indicated.
- 1.1.7.7 Going forward, the LACC Management should exercise due care to ensure that the appropriate salaries are paid and the required deductions from employees' salaries are made.

Management's Response

- 1.1.7.8 *LACC was established in August of 2008 and became fully operational in September of the same year. A Comptroller was hired on December 1, 2008 following a period of open and competitive vetting process by critical stakeholders. Upon the selection of the Comptroller, he was tasked with setting up the Accounting of the Commission. The Comptroller however, relied on the then Bureau of General Accounting for technical support and guidance to accomplish the task. We provided Bureau of General Accounting at the Ministry of Finance; the LACC Act of 2008, the list of employee and associated contracts of those employees to be paid. The Bureau of General Accounting issued the GOL withholding tax schedule we earlier utilized for the formulation of employees payroll. Although, they were aware that we were Government Contractors and not employed under the civil service. It was later in 2014, that we became alerted about the confusion surrounding the withholding tax computation. We then commenced an exercise to re-calculate utilizing the 10% tax apply to Government Contractors salary commencing January 2009 up until June 2014. The exercise was comprehensive and took into consideration payroll, GOL withholding paid under the progressive tax regime versus the 10% withholding for GOL Contractors. This was done commencing the exact we paid the first withholding income tax in January 2009 up until June 2014. Taxes over paid minus actual tax due for payment yielded the variance that produced the salary arrears. There is challenge retrieving those records due to LACC incessant move from one office location to the other. Those provided the Auditors were the once we could locate.*

Auditor General's Position

- 1.1.7.9 There was no supporting document to authenticate the transaction. In the absence of adequate supporting documents, the validity of the transaction cannot be assured. 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.

1.1.8 Variances in the Ledger and Financial Statements Amounts-GOL Funds

Observation

- 1.1.8.1 Regulation C.8 (2 and 3g) of the PFM Act of 2009 state "(2) A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency. (3g) ensure that all books of accounts under his or her control are correctly posted and kept up-to-date"
- 1.1.8.2 Additionally, section 7.3.1 of the LACC Financial Hand Book of 2015 explains the processes the comptroller needs to follow to ensure check and balances in financial records before the close of a fiscal period.
- 1.1.8.3 We observed that the amount of expenditure per the general ledger for GOL fund do not tally to the expenditure reported in the Financial Statements for the fiscal period. Several of the expenditure were recorded in the general ledger as US\$1,812,504.99 but reported in the Financial Statements as US\$1,857,191.45 thus, leaving a variance of **(US\$ 44,686.46)**. **See Appendix 4 for details.**
- 1.1.8.4 Further, we observed the following issues during our review of the general ledger for 2017/2018:
- Some payment transactions in the amounts of **L\$459,500.00** were not posted/recorded in the general ledger for GOL fund. **See Table 4 below.**
 - Personnel cost per the approved payroll and voucher amounting to US\$1,565,343.78 was posted to the general ledger as US\$1,604,517.42 thus, leaving a variance of **(US\$39,173.64)**. **See Appendix 5 for details.**

Table 4: Transactions not recorded in the General Ledger; 2017-2018

Date	Description	Payee	Check/Reference #	Amount (L\$)
July, 31,017	Transportation allowance EPS Officers	EPS Officers	3107171	111,000.00
12-Dec-017	Special Operations Services	UBA/EPS Guards	1212173	118,000.00
21-Sept-017	Special Operations Services	UBA/EPS Guards	1909172	114,170.00
21-Nov-017	Special Operations Services	UBA/Eps Guards	DT	116,330.00
Total				459,500.00

Risk

- 1.1.8.5 Expenditure for the period could be over/under stated thus leading to misstatement of the Financial Statements.

Recommendation

- 1.1.8.6 The Management of LACC should provide material justification for the variances and inaccurate posting of expenditures indicated.
- 1.1.8.7 Going forward, Management should ensure that its general ledger accurately includes all financial transactions for the period and the amount tally with that of the Financial Statements.

Management's Response

- 1.1.8.8 *Please see in the box file accompanying the audit response Ledgers with the transactions listed on table 5(now 4). All the transactions in question were listed accurately. Throughout the audit I have made myself available to clarifying areas of misunderstanding by the auditors. The first amount occurred under the fiscal year 2016-2017. I have attached the ledger for your easy reference. All subsequent transactions were also listed in the ledgers presented to your team. Honestly, during the audit I discovered that some if not all your auditors found it difficult routing the tools on excel and manipulating the data sets. The amount spent on each transaction is recorded to the right of Ledger. The currency is captioned "Liberian Dollar, or United States Dollars" for the individual "currency" leger. In the United States Dollars Ledgers; there are four columns at the right. The first is column is for cash transactions, the next is bank where all payments made from the respective bank account is paid, next is Liberian Dollar value at the prevailing monthly exchange rate, next is total amount paid in cash and bank, the final column is Bank Balance in the currency USD. A separate ledger is maintained for the Liberian Dollars. The first column in the Liberian Dollars Ledger is USD value at the prevailing monthly rate, the next column is the Bank (Liberian Dollars Transactions), the next column is Total amount paid or received, and the final column is the Balance in Bank from the Liberian Dollars.*
- 1.1.8.9 *We noticed throughout the audit, the auditors found it quite difficult analyzing the ledgers and had misunderstanding with the information on the ledgers. Whenever I noticed those concerns, we sat with them clarifying and providing much needed information to help them achieve the task of completing the audit successfully.*

Auditor General's Position

- 1.1.8.10 The variance of (US\$39,173.64) regarding the issue of wrong posting to the general ledger has been addressed and the issue of transactions not recorded in the ledger has been modified to L\$111,000.00 (Reference number: 3107171) based on the documents provided by Management. However, we maintain our finding and recommendation for the modified amount and the variance of (US\$ 44,686.46) indicated above. Further, Management is in breach of financial discipline in line with Regulation A. 20 of the PFM Act of 2009.

1.1.9 Difference in Closing Cash Balance

Observation

- 1.1.9.1 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”.

1.1.9.2 Additionally, section 7.4.1 (i) of the LACC Financial Hand Book of 2015 explains that before closing the financial year, the Comptroller will make sure that all accounts including bank account, cash and advances are reconciled.

1.1.9.3 We observed difference of **US\$2,261.26** between the closing cash balance reported in the Financial Statements and the closing cash balance of the General Ledger for the fiscal period ended June 30, 2018. **See Appendix 6 for details**

Risk

1.1.9.4 Differences in closing cash balances could lead to misstatement in the financial statements. The accuracy and completeness of the closing cash balance cannot be assured.

Recommendation

1.1.9.5 The Management of LACC should provide material justification for the differences indicated.

1.1.9.6 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

1.1.9.7 *We are forwarding the Bank and Cash Accounts reconciliation for your vivid review. We have come to realize that you might have considered account balances at June 30, each year as the closing date and reconciliation balances you selected were on June 30. The Public Financial Management Regulations provides an additional period of up to 60 days to submit the Financial Statement. Please see I.11 of the PFM Regulations. Additionally, I.16 sub regulation (7) "closure of all Public accounts shall not debar any claim, proceedings or transactions arising from the closure and any transaction or adjustment arising from closed accounts shall be recorded in the public accounts of the year in which such transaction or adjustment is made". Therefore, balances selected on the Ledger is consistent and in conformity with the PFM regulations. There is no difference in the closing cash balance as is purported by your team of auditors. Please see below the analysis of accounts in connection with the records attached (Bank Reconciliations, Bank Statements & Ledgers for period):*

•	Bank AC 1-UBA USD Ac		87.45
•	Bank Ac 2-UBA LRD Ac	(LD\$ 94,983.40/137.99)	688.34
•	Bank Ac 3-CBL USD Ac		1.37
•	Bank Ac 4-CBL LD Ac		
•	Bank Ac 5-ECOBK USD Ac		17.98
•	Bank Ac 6-ECOBK LD Ac	(LD\$ 1,095.38/139.99)	7.94
•	Cash		308
•	Bank Account STOAP		5.00
•	Total Closing Balance		1,116.08

1.1.9.8 This is the closing Cash as indicative of the various Ledgers and the respective balances. Please see attached the various reconciliations at JUNE 30, 2018 with the bank statement and corresponding ledgers. The variance you have reported is unrelated to the records provided to your team. The closing cash at June 30, means that the reconciliation appertains.

Auditor General's Position

1.1.9.9 Management did not address the issues raised. There was no evidence that the closing balances reported for the period under audit tie to the ledger. Account balances in the ledger/trial balance at the end of the reporting period should correspond to the closing cash balances of the financial statements. 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.

1.1.10 Petty Cash Management

Observation

1.1.10.1 Section 6.4.5 of the LACC Financial Hand Book of 2015 explains that Cash in the safe must be counted, and signed against in the safe-cash book at minimum one time per week. The cash is counted by its custodian and one additional person, preferably the Comptroller. All cash transactions have to be reconciled at the end of the month, using the cash counting form.

1.1.10.2 Our physical count of petty cash on hand as at July 12, 2019 and an analysis of the closing petty cash balance for the period ended June 30, 2018 revealed a difference of US\$113. **See Table 5 below.**

1.1.10.3 Further, we observed the following issues during our review of the petty cash management system:

- No evidence that regular count of petty cash was conducted by independent senior personnel during the period to ensure check and balances in the management of petty cash.
- Petty cash on hand at the time of our count was co-mingled with personal cash belonging to the petty cashier.
- Petty cash was being kept in a movable mini-cash box stored in the cashier's desk drawer rather than in a fully secured safe.

Table 5: Variance between Petty Cash Closing Balance and Physical Cash on Hand

Description	Amount
Petty cash balance as at June 30, 2018 (per financial statements)	308.00
Add: Petty cash received/replenished subsequently up to July 12, 2019 (Date of auditor's verification)	-
Less: Petty Cash disbursed/used subsequently up to July 12, 2019 (Date of auditor's verification)	-
Expected petty Cash balance on hand as at July 12, 2019 (Date of auditor's verification)	308.00
less: Petty cash physically verified by auditor as at July 12, 2019	195.00

Table 5: Variance between Petty Cash Closing Balance and Physical Cash on Hand

Description	Amount
Difference between Expected Cash balance on hand and Cash verified by auditor	113.00

Risk

- 1.1.10.4 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.
- 1.1.10.5 Failure to ensure proper management of petty cash could lead to the untimely detection and corrections of irregularity that may exist in the control system of petty cash.

Recommendation

- 1.1.10.6 The Management of LACC should provide material justification for the variance based on the balancing-analysis performed for the petty cash closing balance at June 30, 2018 and the amount of cash on hand as at July 12, 2019 during our physical cash count.
- 1.1.10.7 Going forward, 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. Senior personnel independent of the receipt and disbursement process of petty cash should assume this responsibility for transparency and accountability.
- 1.1.10.8 Further, Management should ensure that:
- Proper control exists for the management of petty cash.
 - Petty cash be kept in a fully secured safe and the cash should not be co-mingled with other cash
 - The personnel responsible to disburse petty cash should be different from the custodian of the cash.

Management's Response

- 1.1.10.9 *The Petty cash is maintained at a ceiling of One Thousand United States dollars. At any period, the total Petty cash vouchers paid plus the available cash on hand must tally and be equivalent to One Thousand United States Dollars. That is what your cash count produced on July 12, 2019. Your method as displayed in table 6 (now 5) is quite strange. We submit respectfully to your assertions on regular Petty cash count.*

Auditor General's Position

- 1.1.10.10 Petty cash balance brought forward plus petty cash received minus petty cash spent during the period should equal petty cash on hand at any given time. There was no evidence that petty cash on hand at the date of the auditor's verification was accurate accordingly. We acknowledge Management's acceptance of our recommendation for the other issues on Petty Cash Management. We will make a follow up on the implementation of our recommendation during subsequent audit. However, we maintain our finding and recommendations. Further, Management is in breach of Section 6.4.5 of the LACC Financial Hand Book of 2015.

1.1.11 Deficiencies in the preparation of bank reconciliation statement

Observation

- 1.1.11.1 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.”
- 1.1.11.2 During the examination of Bank Reconciliations, we observed the following issues during our review of the bank reconciliation statements:
- No evidence that bank reconciliations were prepared for several months during the fiscal period ended June 30, 2018 for accounts domicile at the Central Bank of Liberia, Ecobank, and United Bank of Africa. **See Table 6 below.**
 - Bank charges were incorrectly reconciled. In some cases, the amounts of bank charges were not reconciled whilst in other instances, bank charges were either over or understated during the process of reconciliation. **See Appendix 7 for details.**
 - Checks#: 00074358 issued for goods/services in the amount of L\$9,672.00 was carried on the reconciliation for twenty (20) months beginning September 2016 to May 2018 contrary to the requirement of Regulation R.6 of the PFM Act of 2009, which states “checks issued by the Republic of Liberia shall be valid for a period of six months from the date of issue”.

Table 6: Bank accounts not reconciled for the period 2017/2018

Bank/Account	Months without Reconciliation
Eco-Bank USD and LD Accounts	July 2017 to May, 2018
Central Bank USD and LD Accounts	July 2017 to June, 2018
UBA- LRD Account	January, 2018
UBA- USD and LRD Accounts	May, 2018

Risk

- 1.1.11.3 Closing cash balance indicated in the financial statements may be misstated due to errors on the bank reconciliation statement.
- 1.1.11.4 Failure to prepare bank reconciliation and properly reconcile the transactions could lead to the untimely detection and correction of errors or omissions.t.

Recommendation

- 1.1.11.5 The LACC Management should provide material justification for differences in the bank closing cash balances posted for reconciliation. Also, Management should provide material justification for not preparing bank reconciliation for the months indicated above as well as properly reconciling bank charges and outstanding checks.
- 1.1.11.6 Going forward, Management should ensure that bank reconciliation statements for all bank accounts are properly prepared on a monthly basis to detect and correct errors

and omissions on a timely basis.

Management's Response

1.1.11.7 *We provided your team, all bank reconciliation for LACC existing accounts prior to the audit and at the time of the audit. At the same time, we provided a history of LACC bank accounts transition from CBL to Ecobank and from Ecobank to UBA Liberia Ltd. At the onset of the Commission, CBL hosted the LACC United States Dollars and Liberian Dollars accounts. Later in July of 2014, we move the accounts at Ecobank Liberia Ltd. Due to problems associated with Customer Service, the accounts were later transitioned at UBA Liberia up until this current audit. We have provided your team all necessary records including the bank reconciliation prior to the audit and during the course of the audit. We still feel oblige to re-submit these reconciliation statements for your careful review and analysis. Please look at the top of the Reconciliation for the Bank accounts in question (Bank Name, Month & Account Number).*

Auditor General's Position

1.1.11.8 The issue that bank reconciliations were not prepared for several months has been addressed based on the documents provided. However, we maintain our finding and recommendation for the issue of incorrectly reconciling bank charges and the issue of maintaining invalid check on the book. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.12 Inconsistencies in the application of the Financial Reporting Framework

Observation

1.1.12.1 International Public Sector Accounting Standards (IPSAS) financial reporting under the Cash Basis as adopted by the GOL comprises two parts: The mandatory primary financial statements to be presented and the voluntary disclosures.

1.1.12.2 Part 1 paragraph 1.3.4 of the IPSAS Cash Basis standard defines the mandatory primary financial statements required as:

- Statement of Cash Receipts and Payments
- Statement of Comparison of Budget and Actual Amounts
- Accounting Policies and Explanatory Notes

1.1.12.3 Part 2 of the cash basis standard prescribes the voluntary disclosures. This identifies additional accounting policies and disclosures that an entity is encouraged to adopt to enhance its financial accountability and the transparency of its financial statements. These include:

- Going Concern
- Extraordinary Items
- Administered Transactions
- Disclosure of Major Classes of Cash Flows
- Related Party Disclosures
- Disclosure of Assets, Liabilities and Comparison with Budgets
- Assistance Received From Non-Governmental Organizations (NGOs)
- Recipients of External Assistance

- 1.1.12.4 Paragraph 1.3.5 of Part 1 provides that when an entity elects to disclose information prepared on a different basis from cash basis of accounting defined in this Standard or otherwise required by paragraph 1.3.4 (a & c), such information shall be disclosed in the notes to the financial statements.
- 1.1.12.5 We observed that in addition to the primary mandatory financial statements prescribed by IPSAS Cash Basis, the "Statement of Cash Position" which is not a requirement was presented on the face of the financial statements instead of in the Notes. Statement of Cash Position is accrual in nature and includes balances that take into consideration liabilities which is inconsistent to the IPSAS Cash Basis Reporting.
- 1.1.12.6 We also observed that the accrual-based information in respect of liabilities presented as outstanding commitment with the amount of US\$112,547.00 in the appendix-1 attached to the Financial Statements was not referenced in the Notes to the Financial Statements and traceable to the underlying records within the accounting system of LACC.

Risk

- 1.1.12.7 Failure to fully comply with the IPSAS Cash Basis Financial Reporting Framework undermines accountability of public resources and could lead to misunderstanding of the financial statements by users.
- 1.1.12.8 In the absence of records/supporting documents, the validity of the outstanding commitments cannot be assured. This could lead to misappropriation of the entity's fund should payments be made.

Recommendation

- 1.1.12.9 The Management of LACC should fully apply the requirements of the IPSAS Cash Basis Financial Reporting Framework and when Management elects to voluntarily disclose additionally information, said disclosure should be in line with the requirements and objectives of Part 2 of the IPSAS Cash Basis Financial Reporting Framework.
- 1.1.12.10 Additionally, Management should provide all the necessary records/supporting documents to substantiate the outstanding commitments disclosed.

Management's Response

- 1.1.12.11 *Mandatory as implied means "not without those statements". Notwithstanding, no accrual items or liabilities were recorded on the statement of Cash Position (All Public Funds)". The financial statement is consistent with "Part I paragraph 1.3.4 of the IPSAS Cash Basis standard.*

Audit General's Position

- 1.1.12.12 Management did not address the issues raised. All other statements which management deem necessary to add to the financial statements are considered encouraged disclosure and should be presented in the notes to the financial statements. Therefore, we maintain our finding and recommendations. Further, Management is in breach of financial discipline in line with Regulation A. 20 of the PFM Act of 2009.

1.2 Internal Control Related Issues

1.2.1 Deficiencies in the Management of Fixed Asset

Observation

1.2.1.1 Regulation V.1 (2a) of the PFM Act 2009 states, "The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: (a) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse;"

1.2.1.2 We observed the following during our review of the entity's fixed assets:

- The fixed asset register does not include the cost of some assets.
- Various fixed asset on the register were not physically coded.
- The fixed asset register has various assets classified as damaged but not written-off and disposed.
- Some fixed procured were not recorded on the Fixed Asset Register

1.2.1.3 Further, there was no evidence that the Management developed Fixed Asset Management Policy to regulate the movement and handling of fixed assets at the entity.

Risk

1.2.1.4 Failure to appropriately record acquired assets on the Fixed Assets Register could lead to understatement in the value of assets and subsequently to the loss of assets;

1.2.1.5 In absence of fixed asset management policy, assets could be managed discretionarily by the responsible personnel thereby, leading to theft, losses, wastage and misuse of the entity's assets.

Recommendation

1.2.1.6 The LACC Management should ensure that the asset register is updated with all the required assets and the appropriate information in accordance with regulation V of the PFM Act 2009.

1.2.1.7 Going forward, management should assess the assets designated as damaged or out of use to determine whether they could be repaired or disposed. Should assets be disposed, Management must liaise with the General Service Agency and the Ministry of Finance and Development Planning to dispose the assets.

1.2.1.8 Further, Management should develop fixed asset management policy including asset disposal plan to regulate the movement and handling of fixed assets at the entity.

Management's Response

1.2.1.9 *We take due note and will act accordingly.*

Auditor General's Position

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

1.2.2 Payments to Third Party

Observation

1.2.2.1 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".

1.2.2.2 We observed that the LACC Management made several third-party payments amounting to **US\$440.00** and **L\$131,168.00** in the names of employees for various goods and services rather than make the payments to the service providers or their authorized representatives. **See Table 7 below.**

Table 7: Payment for Goods in the Names of Employees- 2017/2018

Date	Description	Check/ Referenc e#	Payee		Amount	
			Name of Employee	Position	US\$	L\$
19-Feb-018	Entertainment, representation & gifts	0365965	Salomie Dixon	Store Clerk	110.00	-
05-Feb-018	Entertainment, representation & gifts	0365956	Salomie Dixon	Store Clerk	110.00	-
02-Oct-017	Entertainment, representation & gifts	0450168	Salomie Dixon	Store Clerk	110.00	-
19-Sept-017	Entertainment, representation & gifts	0450167	Salomie Dixon	Store Clerk	110.00	-
05-Oct-017	Entertainment, representation & gifts	0111947	Saybah F.Massah	Executive Secretary	-	57,000.00
05-Oct-017	Entertainment, representation & gifts	0111949	Saybah F.Massah	Executive Secretary	-	28,500.00
20-Oct-017	Entertainment, representation & gifts	0111806	Bernice W.Karlar	Asset management Asst.	-	45,668.00
Total					440.00	131,168.00

Risk

1.2.2.3 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

- 1.2.2.4 The LACC Management should provide material justification for authorizing payments in the names of the employees of LACC instead of the service providers.
- 1.2.2.5 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

- 1.2.2.6 *The Public Financial Management Regulations, "Part Q. Definition of Imprest" For the purposes of these regulations an imprest is a sum of cash advanced to a public officer to effect payments which are inconvenient to make from Public Funds, using the normal payment procedures as laid down in these regulations.*
- 1.2.2.7 *Q.3 Classes of Imprest (1) The imprests are of two classes or categories, namely standing and special imprest.*
- 1.2.2.8 *(2) Standing Imprests are held throughout the financial year by the imprest-holder and replenished or amount spent recouped when necessary by submission of receipts and paid payment vouchers to the head of government agency for approval and replenishment of the amount spent.*
- 1.2.2.9 *(3) Special Imprests are issued to the imprest holder for making a particular payment, or group of payments and the amount given must be fully retired by the date specified in the approval to operate the imprest.*
- 1.2.2.10 *Note: The payments as highlighted in table 8: Payment for Goods in the Names of Employees 2017/2018, are classified as Special Imprest" These payments were intended for various items for refreshments for meetings of the External Guests, Board Members and Staff. These payments as nominal as they are in dollar value were retired on dates specified on the advance forms. We have attached samples for your review and consideration in line with Part Q as stated above.*

Auditor General's Position

- 1.2.2.11 Management did not provide the necessary document to substantiate the issue raised and the assertion that these payments were made under the imprest system. Therefore, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of PFM Act 2009.

1.2.3 Payment Voucher System

Observation

- 1.2.3.1 Regulation P.9 (1) of the PFM Act of 2009 States, "All disbursements or payments of public money shall be properly supported by pre-numbered payments voucher".
- 1.2.3.2 Additionally, section 3.3 (ix) of the LACC Financial Hand Book of 2015 clarifies that all payment Vouchers should be pre numbered.

1.2.3.3 We observed that payment vouchers used by LACC Management for processing financial information and making payments during the period were not pre-numbered instead, some voucher numbers were hand written during the transactions processing.
See Exhibit 1 for details.

Risk

1.2.3.4 The non-establishment of pre-numbered Payment Voucher System could lead to duplication and manipulation of entity's financial transactions.

Recommendation

1.2.3.5 The LACC Management should ensure that a pre-numbered Payment Voucher System is instituted for processing financial information and making payments as required by the PFM Regulations of 2009.

Management's Response

1.2.3.6 *LACC utilizes Microsoft Excel for the formulation of all its ledgers to record Excel for the preparation of vouchers. Those vouchers get certified and approved manually. Since we do not have an automated system for pre numbering the vouchers, during filing, those vouchers are numbered manually. The LACC hopes to migrate to an internal automated accounting software that will respond to many critical issues more significant to enhance the efficiency of records management and reporting.*

Auditor General's Position

1.2.3.7 We acknowledge Management's assertions. However, we maintain our finding and recommendation. Further, Management is in breach of financial discipline in line with Regulation A.20 of PFM Act 2009.

1.2.4 Quarterly reports not prepared and submitted to PPCC

Observation

1.2.4.1 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".

1.2.4.2 There was no evidence that the LACC 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

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

Recommendation

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

Management's Response

- 1.2.4.5 *LACC have had a serious challenge in its Procurement unit. We have experience repetitive turnover of Officers responsible for Procurement. Unfortunately, we witness not just turnover but also the sad passing of two of its previous Procurement Officers' after their separation from the Commission. Moreover, we have been challenged with moving from one Office Building to the Other due to the absence of our own facility. All of these conditions have impacted negatively our Public Procurement Processes and records. We were able to hire a Procurement Officer in late 2018. The Procurement unit is now fully staff and adequate systems are being setup to respond to all areas of importance.*

Auditor General's Position

- 1.2.4.6 We acknowledge Management's assertions. However, we maintain our finding and recommendation. Further, Management is in breach of Section 43.9 of the PPCC Act of 2005 as amended in 2010

1.3 Governance Related Issues

1.3.1 LACC Financial Autonomy and Operational Independence

Observation

- 1.3.1.1 Section 13.1 of the LACC Act of 2008 states, "the commission shall be independent in all its operations. It shall enjoy financial autonomy and operational independence; and shall generally formulate policies and discharge its functions without regards to political, religious or other social concerns, except to the extent reasonably necessary to further the Commission's general mandate to combat corruption".
- 1.3.1.2 Further, Section 13.2 of the LACC Act of 2008 states, "in furtherance of the independence of the Commission, the full amount of each annual budgetary appropriation made for the Commission in the National budget shall be disbursed to the Commission on a quarterly basis".
- 1.3.1.3 The LACC has been given financial autonomy and operational independence to improve efficiency and effectiveness in the discharge of its operations. However, it appears that the financial autonomy and operational independence is not being enjoyed by the entity.
- 1.3.1.4 We observed that the Ministry of Finance and Development Planning disburses allotment to the entity on a monthly basis instead of on a quarterly basis as requires by the LACC Act.

Risk

- 1.3.1.5 Disbursing allotment on a monthly basis undermines the objective to keep the entity financially and operationally independent and could sabotage operations should the entity urgently need fund to discharge its functions and has to request the Ministry of Finance and Development Planning to make the disbursement.

Recommendation

- 1.3.1.6 The LACC Management should exert every effort to ensure that the entity maintains its financial and operational independence at all times.

Management's Response

- 1.3.1.7 *Management did not provide a response for this issue*

Auditor General's Position

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

1.3.2 Lack of Audit Committee

Observation

- 1.3.2.1 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.

- 1.3.2.2 During the audit, we observed that there was no audit committee established at the LACC to monitor and address audit matters at the institution.

Risk

- 1.3.2.3 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

- 1.3.2.4 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

- 1.3.2.5 *Management did not provide a response for this issue*

Auditor General's Position

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

1.3.3 Strategic Plan

Observation

- 1.3.3.1 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.

1.3.3.2 We observed that the LACC Management has not developed strategic plan and its underlying objectives to serve as a basis on which resources were allocated since the previous three (3) years strategy plan elapsed in 2017.

Risk

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

Recommendation

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

1.3.3.5 Going forward, the LACC Management should ensure the preparation of a Strategic Plan in order to conduct its operations in an ethical, orderly, economical, efficient and effective manner.

Management's Response

1.3.3.6 *At the time of the audit the LACC was in the process of preparing its second strategic plan which is already completed and available. We are sharing with you a copy of this Strategic Plan.*

Auditor General's Position

1.3.3.7 There was no evidence that the strategic plan was completed. However, we acknowledge Management's assertion and we will make a follow up during subsequent audit.

APPENDIX

Appendix 1: Transactions Without Adequate Supporting Documents; 2017/2018 - Adjustment After Management Letter

Date	Description	Payee	Check/Reference#	Amount		Comment
				US\$	L\$	
21-Sept-017	Save & Laugh Club	Save & Laugh Club	0011934	500.00	-	No payment voucher and other documents
29-Dec-017	Classic Trading Company	Classic Trading Company	Direct Transfer	6,500.00	-	No payment voucher and other documents
05-Oct-017	Entertainment, representation & gifts	Saybah F.Massah	0111947	-	57,000.00	No receipt
05-Oct-017	Entertainment, representation & gifts	Saybah F.Massah	0111949	-	28,500.00	No receipt, LPO, delivery note, etc.
05-Feb-018	Entertainment, representation & gifts	Salomie Dixon	0365956	110.00	-	No receipt, LPO, delivery note, etc.
02-Oct-017	Entertainment, representation & gifts	Salomie Dixon	0450168	110.00	-	No receipt, LPO, delivery note, etc.
20-Oct-017	Entertainment, representation & gifts	Bernice W.Karlar	0111806	-	45,668.00	No receipt, LPO, delivery note, etc.
19-Sept-017	Entertainment, representation & gifts	Salomie Dixon	0450167	110.00	-	No receipt, LPO, delivery note, etc.
19-Feb-018	Entertainment, representation & gifts	Salomie Dixon	0365965	110.00	-	No receipt, LPO, delivery note, etc.

Appendix 1: Transactions Without Adequate Supporting Documents; 2017/2018 - Adjustment After Management Letter

Date	Description	Payee	Check/Reference#	Amount		Comment
				US\$	L\$	
23-Feb-018	Advertising & public Relations	Image Magazine	,0125748	-	63,500.00	No receipt, LPO, No job completion certificate, etc.
Total				7,440.00	194,668.00	

Appendix 2: Suppliers with expired/no Business Registration and Tax Clearances; 2017/2018

Date	Description per Source	Payee	Check/Reference #	Transaction amount per source		Comment
				US\$	L\$	
21-Oct-017	Telecommunications, internet, postage	L&L	DT		633,560.00	Vendor with expired tax clearance
21-Oct-017	Telecommunications, internet, postage	L&L	DT	-	533,000.00	Vendor with expired tax clearance
21-Oct-017	Telecommunications, internet, postage	L&L	DT		290,000.00	Vendor with expired tax clearance
23-Oct-017	Stationery	Mattar Trading	0111814	-	196,615.15	Vendor with no tax clearance and business registration
24-Oct-017	Stationery	Mattar Trading	0450189	724.35	-	Vendor with no tax clearance and business registration
31-Oct-017	Telecommunications, internet, postage	Recomm Group Inc.	0450054	1,200.00	-	Vendor with no tax clearance and business registration
31-Oct-017	Telecommunications, internet, postage	Recomm Group	0111827	-	325,724.00	Vendor with no tax clearance and business registration
21-Dec-017	Guard & Security Services	Protectco Security Co.	0450083	2,025.00	-	Vendor with no tax clearance
21-Dec-	Protectco Security Co.	Protectco Security	0125714			Vendor with no tax clearance

Appendix 2: Suppliers with expired/no Business Registration and Tax Clearances; 2017/2018

Date	Description per Source	Payee	Check/Reference #	Transaction amount per source		Comment
				US\$	L\$	
017		Co.		-	168,115.50	
05-Dec-017	Protectco Security Co.	Protectco Security Co.	0125706	-	392,613.75	Vendor with no tax clearance
22-May-018	Guard & Security Services-March.018	Protectco Security Co.	0450453	6,750.00	-	Vendor with no tax clearance
15-Nov-017	Repairs & maintenance-vehicles	Prestige Motors	0111838	-	268,559.44	Vendor with no tax clearance and business registration
17-Nov-017	Repairs & maintenance-vehicles	GBK Motors	0111837	-	72,589.92	Vendor with no tax clearance and business registration
29-Aug-017	Repairs & maintenance-machinery, equipment	Kashif Islam Kahloon	0111908	-	142,440.00	Vendor with no tax clearance and business registration
20-Oct-017	Repairs & maintenance-ICT	Sky-Tech International	0111811	-	69,216.35	Vendor with expired tax clearance
Total				10,699.35	3,092,434.11	

Appendix 3: Daily sustenance allowance and incidental expenses; 2017/2018

Date	Description	Payee	Check/Reference#	Amount		Comment
				US\$	L\$	
20-Oct-017	Foreign travel-DSA	James N.Verdier	0450179	1,490.00	-	settlement form
20-Oct-017	Foreign travel-DSA	Charles J.L.Gibson	0450180	1,315.00	-	settlement form
20-Oct-017	Foreign travel-DSA	Appleton A. Artis	0450185	1,108.00	-	settlement form
27-Oct-017	Foreign travel-DSA-incidental for travel	Charles J.L.Gibson	0450200	280.00	-	receipt & settlement form
27-Oct-017	Foreign travel-DSA	James N.Verdier	0450051	2,622.00	-	settlement form
26-Jan-018	Foreign travel-DSA	Appleton A.Artis	0365963	500.00	-	settlement form
30-Oct-017	Domestic travel-DSA	Rahoff Solomon	0111824	-	42,000.00	settlement form
30-Oct-017	Domestic travel-DSA	Abel D. Guah	0111825	-	42,000.00	settlement form

Appendix 3: Daily sustenance allowance and incidental expenses; 2017/2018

Date	Description	Payee	Check/Reference#	Amount		Comment
				US\$	L\$	
30-Oct-017	Domestic Travel-DSA	Joe Flomo	0111826	-	35,000.00	settlement form
13-Nov-017	Domestic Travel-DSA	Sam Doe	0111831	-	5,000.00	settlement form
21-Nov-017	Domestic Travel-DSA	Musa Kromah	0111841	-	15,000.00	settlement form
21-Nov-017	Domestic Travel-DSA	Tarnue C.M Jaryan	0111842	-	15,000.00	settlement form
23-Nov-017	Domestic Travel-DSA	Bangale Donzo	0111845	-	10,000.00	settlement form
23-Nov-017	Domestic Travel-DSA	Foday Jaleiba	0111850	-	10,000.00	settlement form
17-Jan-018	Domestic Travel-DSA	G.W.Alfred Sayeh	0125724	-	64,000.00	settlement form
17-Jan-018	Domestic Travel-DSA	Sam Doe	0125725	-	40,000.00	settlement form
24-Jan-018	Domestic Travel-DSA	G.W.Alfred Sayeh	0125732	-	40,000.00	settlement form
24-Jan-018	Domestic Travel-DSA	Sam Doe	0125733	-	25,000.00	settlement form
24-Jan-018	Domestic travel-DSA	Othello S.Payman I	0125734	-	40,000.00	settlement form
19-Feb-018	Domestic travel-DSA	Margaret Nigba	0125740	-	6,000.00	settlement form
19-Feb-018	Domestic travel-DSA	George Dahn	0125743	-	6,000.00	settlement form
23-Feb-018	Domestic travel-DSA and incidental for travel	Cyrus Killiah	0125750	-	16,075.20	receipt & settlement form
05-April-018	Domestic travel-DSA	George Dahn	0125561	-	16,200.00	settlement form
08-April-018	Domestic travel-DSA	Bangalee Donzo	0125562	-	9,450.00	settlement form
10-April-018	Domestic travel-DSA	George Dahn	0125572	-	8,100.00	settlement form
10-April-018	Domestic travel-DSA	Bangalee Donzo	0125573	-	4,725.00	settlement form
Total				7,315.00	449,550.20	

Appendix 4: Difference between General Ledger and Financial Statements amounts

Line item	Expenditure per General Ledger	Expenditure per Financial Statements	Variances
TELECOMMUNICATION	66,428.57	35,219.41	31,209.16
Repair & Maint--VEHICLE	67,997.99	54,186.24	13,811.75
REPAIR & MAINT EQUIP & MACH	3,319.00	3,464.00	(145.00)
STATIONERY	5,516.80	11,805.20	(6,288.40)
PRINTING, BINDING & PUBLICATION	130.00	162.00	(32.00)
OTHER OFFICE MAT. & CONSUMABLES	3,549.00	16,658.05	(13,109.05)
GUARD & SECURITY SERVICE	40,555.01	40,500.00	55.01
Honorarium	1,604,517.42	1,668,941.57	(64,424.15)
Special operation and intelligent services	6,980	6,730	250.00
Foreign means of travel	4,691.00	5,135.00	(444.00)
Foreign travel daily subsistence allowance	7,315.00	7,595.00	(280.00)
Domestic Travel-DSA	1,505.20	6,794.98	(5,289.78)
Total	1,812,504.99	1,857,191.45	(44,686.46)

Appendix 5: Variance between voucher and Ledger amounts; 2017-2018

Month/Date A	Description B	Amount per voucher C	Amount per ledger D	Variance E=(C-D)
		Total Payroll Cost (US\$)	Total Payroll Cost (US\$)	
July, 2017	Payroll cost for the month of July	127,170.00	96,921.70	30,248.30
August, 2017	Payroll cost for the month of August	128,073.26	48,211.91	79,861.35
September, 2017	Payroll cost for the month of September	133,159.29	206,410.32	(73,251.03)
October, 2017	Payroll cost for the month of October	126,965.45	125,590.11	1,375.34
November, 2017	Payroll cost for the month of November	112,945.00	125,319.13	(12,374.13)
December, 2017	Payroll cost for the month of December	131,992.48	156,490.49	(24,498.01)
January, 2018	Payroll cost for the month of January	126,771.09	127,931.85	(1,160.76)
February, 2018	Payroll cost for the month of February	134,676.25	29,033.20	105,643.05
March, 2018	Payroll cost for the month of March	133,501.82	234,758.97	(101,257.15)
April, 2018	Payroll cost for the month of April	134,677.14	140,476.43	(5,799.29)
May, 2018	Payroll cost for the month of may	137,706.00	136,915.02	790.98
June, 2018	Payroll cost for the month of June	137,706.00	176,458.29	(38,752.29)
Total		1,565,343.78	1,604,517.42	(39,173.64)

Appendix 6: Closing cash balances per Financial Statements and ledger; 2017/2018

A. Cash balance per General Ledger as at June 30, 2018

Bank/Cash	Account#	Cash Balances		L\$ conversion Rate	Converted amount in US\$	Total Cash (US\$)
		L\$	US\$			
ECOBANK- USD Account	0011134701660203	-	2,081.98	-	-	2,081.98
ECOBANK- LD Account	0010134701660201	16,855.38	-	137.99	122.15	122.15
UBA- USD Account	53010030002684	-	484.87	-	-	484.87
UBA- LD Account	53010030002675	94,983.40	-	137.99	688.34	688.34
CBL USD Account	220630009700	-	-	-	-	-
CBL (STAOP Project A/C)	220630002813	-	-	-	-	-
Total-A						3,377.34

B. Cash balance per Financial Statement as at June 30, 2018

Bank/Cash	Account#	Amount in US\$
ECOBANK- USD Account	0011134701660203	17.98
ECOBANK- LD Account	0010134701660201	7.94
UBA- USD Account	53010030002684	87.45
UBA- LD Account	53010030002675	688.34
CBL USD Account	220630009700	1.37
STAOP Project- CBL-USD Account	220630002813	5.00
Petty Cash(UBA- USD Account)	53010030002684	308.00
Total-B		1,116.08
Total-C (A-B)		2,261.26

Appendix 7: Bank charges incorrectly reconciled; 2017/2018

Month	Account #	Description	Amount per Bank statement		Amount per Reconciliation statement		Variance	
			US\$	L\$	US\$	L\$	US\$	L\$
July, 2017	UBA USD-Account 53010030002684	Bank service charge for July, 2017	113.00	-	63.40	-	49.60	-
July, 2017	UBA-LRD- 53010030002675	Bank service charge for July, 2017	-	5,103.80	-	1,136.00	-	3,967.80
January, 2018	UBA USD-Account 53010030002684	Bank service charge for January, 2018	120.30	-	130.30	-	(10.00)	-
June, 2018	UBA USD-Account 53010030002684	Bank service charge for June, 2018	40.30	-	130.00	-	(89.70)	-
June, 2018	UBA-LRD- 53010030002675	Bank service charge for June, 2018	-	2,030.40	-	3,200.00	-	(1,169.60)
June, 2018	ECO USD Account- 11134701660203	Bank service charge for June, 2018	30.00	-	34.00	-	(4.00)	-
June, 2018	ECO-LRD - 0010134701660201	Bank service charge for June, 2018	-	2,535.00	-	18,295.00	-	(15,760.00)