



Management Letter

On the Financial Statement Audit of the National Identification Registry (NIR)

For the period ended June 30, 2018



Promoting Accountability of Public Resources

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

Monrovia, Liberia
February 2021

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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
ED	Executive Director
DEDA	Deputy Executive Director for Administration
DEDTS	Deputy Executive Director for Technical Service
FSs	Financial Statements
GOL	Government of Liberia
IFRs	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
ISSAI	International Standards of Supreme Audit Institutions
NIR	National Identification Registry
PV	Payment Voucher
PFM	Public Financial Management

February 22, 2021

J. Tiah Nagbe
Executive Director
National Identification Registry,
Congo Town, Liberia

Dear Mr. Nagbe:

Re: Management Letter of the National Identification Registry (NIR) for the period July 1, 2017 to July 30, 2018.

The Financial Statements of the National Identification Registry (NIR) is subject to Audit by the Auditor General (AG) in terms of Section 2.1.3 the General Auditing Commission (GAC) Act of 2014.

Introduction

The Audit of the National Identification Registry (NIR) Management for the period July 1, 2015 to June 30, 2016 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

Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements, as well as planned and performed so as to obtain reasonable assurance that, in all material respect, fair presentation is achieved in the annual financial statements.

An audit includes:

- Examination on a test of evidence supporting the amounts and disclosure in the financial statements;
- Assessment of the accounting principles used and significant estimates made by the 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 the 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 the financial statements.

During the period under audit, the following key persons managed the affairs of the entity. See details below:


Table 3: Key Management Personnel

No.	Name	Position	Tenure
1	Hon. J. Tiah Nagbe	Executive Director	2016 to Present
2	Hon. Zeze R. Reed	Deputy Executive Director, Technical Services	2016 to Present
3	Hon. Haja K. Liberty	Deputy Executive Director, Administration	2016 to Present
4.	Mr. Edward Towah	Comptroller	2016 to 2018

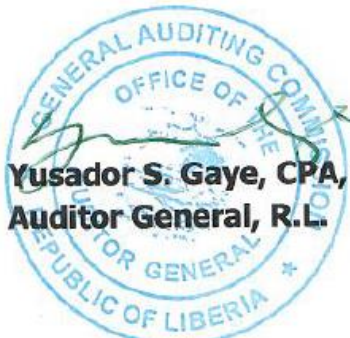
Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the NIR during the audit.

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia.



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



The seal is circular with the text "GENERAL AUDITING COMMISSION" at the top, "OFFICE OF THE AUDITOR GENERAL" in the middle, and "REPUBLIC OF LIBERIA" at the bottom. There is a small star on the right side of the seal.

Monrovia, Liberia

February 2021

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Revenue Variances

Criteria

- 1.1.1.1 Regulation A. 3 (1 and 2) of the PFM Act, 2009 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. A public officer who fails to keep or produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.20."
- 1.1.1.2 Section 36 (1&2) of the PFM Act also states that, "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister. Each Spending Entity is required, where applicable, to provide a monthly report on revenues and a quarterly expenditures performance report to the Minister in the terms, format and within the timeframe determined by regulations under this Act."

Observation

- 1.1.1.3 It was observed during the conduct of the audit that total revenue reported in the NIR Financial Statements from the sale of National Identification Cards did not tie to amounts reported in the entity electronic records (data) submitted for audit.

Table 1: Revenue Variances

Revenue Generated per NIR Data	Revenue Reported per Financial Statement	Variance
93,400.00	56,784.00	36,616.00

Risk

- 1.1.1.4 The accuracy and completeness of the Financial Statements cannot be assured.

Recommendation

- 1.1.1.5 Management should provide material justification for the variances noted in Table 1.

Management's Response

- 1.1.1.6 *Management acknowledges the difference between the total revenue report from our enrollment database and the amount reported in the financial statement. This variance is a result of an agreement between the Government of Liberia and the NIR for deduction of the ID cards fees from employees' salary payment. Therefore, these employees' enrollment*

occurred in the 2017/ 2018 fiscal year but the actual payment was made in the 2018/ 2019 Fiscal year.

Auditor General's Position

- 1.1.1.7 Management did not provide evidence of the agreement between GOL and NIR to justify the variances noted in revenue reported.
- 1.1.1.8 Going forward, the Government of Liberia has adopted IPSAS – Cash Basis as such, cash recognize/recorded revenues when cash is received; therefore, Management should ensure that revenue are accurately recorded and disclosed.
- 1.1.1.9 Therefore, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act,2009.

1.1.2 Closing Bank Balances

Criteria

- 1.1.2.1 Regulation I.16 of the Public Financial Management Act of 2009 states that "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."

Observation

- 1.1.2.2 We noted during the conduct of the audit that the NIR Management did not clearly disclosed in its Financial Statements balances as at June 30, 2018 of the entity's respective accounts domiciled at LBDI and CBL.
- 1.1.2.3 We noted from analysis of the Financial Statements that only bulk figures were reported in United States and Liberia Dollars respectively with no indication as to which account those balances represent.

Risk

- 1.1.2.4 The accuracy and completeness of the financial statements cannot be assured in the absence of the adequate disclosure of the entity's actual bank balances.

Recommendation

- 1.1.2.5 Management should provide material justification for the variances between Bank Balances and cashbook balances in its accounts domiciled at LBDI and CBL.

Management's Response

- 1.1.2.6 *Management notes your observation but points out that the amount stated in the Financial statement represents the accumulated bank balances of the CBL and LBDI accounts. Going forward, we will ensure that we disclose separate balances for each of the accounts for clearer understanding.*

Auditor General's Position

- 1.1.2.7 We acknowledge Management's acceptance of our finding. We will make follow up on Management assertion that "Going forward, we will ensure that we disclose separate balances for each of the accounts for clearer understanding," during our subsequent audit.
- 1.1.2.8 However, Management is in breach of financial discipline in line with regulation A.20 of the PFM Act,2009.

1.1.3 Preparation of Financial Statements

Criteria

- 1.1.3.1 International Public Sector Accounting Standards (IPSAS) financial reporting under cash basis cash comprises two parts: The mandatory primary financial statements to be presented and the voluntary disclosures.
- 1.1.3.2 Part 1 section 1.3.4 of the IPSAS cash basis standard defines the mandatory primary financial statements required as: The consolidated statement of cash receipts and payments Statement of comparison of budget and actual amounts Notes to financial statements.
- 1.1.3.3 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: Statement of cash assets and fund balances Notes Statement of outstanding invoices (liabilities) Statement of unjustified advances and loans • Non-financial assets disclosure notes Statement of contingent liabilities
- 1.1.3.4 Also, paragraph 1.3.5 of the IPSAS financial reporting under cash basis standard provides that when an entity elects to disclose information prepared on a different basis from cash basis of accounting, such information shall be disclosed in the notes to the financial statement.

Observation

- 1.1.3.5 We noted during the conduct of the audit that the Financial Statements submitted for audit was not in compliance with IPSAS Cash Basis as adopted by GOL. **See table 2 & 3 below for Details.**

Table 3: Preparation of Financial Statements

International Public Sector Accounting Standard provides for the general-purpose financial statements. Notes as provided for by IPSAS	Notes to NIR Financial Statements but not fully in line with International Public Sector Accounting Standard under the Cash basis of accounting.
1. General Information and Accounting Policies	1-General Information

International Public Sector Accounting Standard provides for the general-purpose financial statements. Notes as provided for by IPSAS	Notes to NIR Financial Statements but not fully in line with International Public Sector Accounting Standard under the Cash basis of accounting.
2. Cash	2- Use of grant proceeds
3. Borrowing	3- Accounting Policies
4. Other Receipts	4- grant Receipt
5. Other Payments/Expenditure	5-improving the quality and access to ECE in targeted counties
6. Undrawn Borrowing Facilities Other than Undrawn External Assistance	6-supporting Teacher training and certification in targeted counties
7. Significant Controlled Entities	7-improving school management accountability and system monitoring
8. Authorization Date	8- Achieving better learning through improved equity and Efficiency and accountability
9. Original and Final Approved Budget and Comparison of Actual and Budget Amount	9-Project management and sector program support and coordination
10. External Assistance Payment by Third Parties	

Table 4: Preparation of Financial Statements

1	Statement of Responsibilities
2	Statement of Cash Receipt and Payment
3	Statement of Comparison of Budget and Actual Amount
4	Notes to the Financial Statements

Risk

- 1.1.3.6 Noncompliance with IPSAS Cash Basis as adopted by GOL may lead to inconsistency and omission of significant information in the financial statement.

Recommendation

- 1.1.3.7 Management should provide justification for failing to comply with IPSAS Cash Basis as adopted by GOL.

Management's Response

- 1.1.3.8 *Management acknowledges your observation and will ensure that subsequent Financial Statements are prepared in accordance with IPSAS Cash Basis.*

Auditor General's Position

- 1.1.3.9 We acknowledge Management's acceptance of our finding; we will make follow-up during subsequent audit.
- 1.1.3.10 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

1.1.4 Payments to Third Party

Criteria

- 1.1.4.1 Regulation B.28 of the PFM Act of 2009 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment.

Observation

- 1.1.4.2 It was observed during the conduct of the audit that the NIR Management made payments amounting to **L\$7,725,901.50** (Seven Million, seven hundred twenty-five thousand, nine hundred one Liberia Dollar, fifty cents) to multiple employees for onward payment to the intended recipients. **Refer to Appendix 1 for details.**

Risk

- 1.1.4.3 Checks issued in the names of individuals and/or employees could be diverted to personal use thus leading to misappropriation of funds.

Recommendation

- 1.1.4.4 The NIR Management should provide substantive justification for authorizing payments in the name of multiple employees instead of the intended recipients.

Management's Response

- 1.1.4.5 *Management notes the observation and going forward, Management will only make payments in the name of the intended recipient*

Auditor General's Position

- 1.1.4.6 We acknowledge Management's acceptance of our finding; we will make follow-up during subsequent audit.

1.2 Compliance Issues

1.2.1 Social Security Contributions

Criteria

- 1.2.1.1 Chapters 89.16 (a, and h) of the Decree establishing the National Social Security & Welfare Corporation (NASSCORP), require that (89.16) "except as otherwise provided, contributions and the method of payment shall be as follows: The contribution payable under this Decree in respect of an employee shall comprise contribution payable by the employer (herein after referred to as the employer's contribution) and contribution payable by the employee (herein after referred to as employee's contribution and shall be paid to the Corporation; (h) The contributions payable in respect of each month shall ordinary fall due on the last day of the month and where an employee is employed for part of the month or is employed under two or more employers during the same month, the contributions shall fall due on such days as may be specified in the Regulations". And Chapter (89.18)

stipulates "where a principal employer defaults in paying any contribution prescribed by this Decree or subsequent regulations, a sum equal to four percent (4%) of the amount unpaid shall be added for each month or part of a month after the date on which payment was due, and any amount so added shall be recoverable as a debt owed by the employer to the Republic".

Observation

- 1.2.1.2 We noted during the conduct of the audit that there was no evidence that the NIR Management withheld and remitted employees' contributions to the National Social Security and Welfare Corporation in the amount of US\$18,300.00 (Eighteen thousand, three hundred United States Dollars). Refer to Appendix 2A & 2B.

Risk

- 1.2.1.3 Failure to deduct and remit the required withholding taxes could deny the government of the much-needed tax revenue and as well deny the employees' pension benefits.

Recommendation

- 1.2.1.4 Management should provide material justification for not deducting and remitting the required NASSCORP contributions.

Management's Response

- 1.2.1.5 *NIR do acknowledge that NASSCROP Contributions were not paid. However, for the period 2017 to 2018, NIR and NASSCORP have established the actual outstanding remittances and NIR has made plans to capture these in its budget for the current year. Going forward, the NIR Management commits to withholding and remitting all employees' contributions to NASSCORP promptly.*

Auditor General's Position

- 1.2.1.6 We acknowledge Management's acceptance of our finding; we will make follow-up during subsequent audit.

2 APPENDIXES

Appendix 1: Payments to Third Party

Description	Payee	Date	Check #	PV #	Amount (L\$)
DSA and Fuel	Edward N Towah	7/12/2017	00000272	PVLD#00118	218,000.00
Jingle airing, DSA, Transportation	Abraham Kromah	11/28/2017	00000417	PV#LD00155	791,210.00
DSA and Transportation	Alberta T Dagbe	3/9/2018	00000548	PV#LD00203	137,000.00
DSA	John B. Lobo	3/16/2018	00000554	PV#LD00209	882,000.00
DSA	John B. Lobo	4/12/2018	00000596	PV#LD00224	281,400.00
DSA	Marcus G. Kpanlin	5/22/2018	00000635	PV#LD00237	87,400.00
Transportation and Lunch	Edward N Towah	11/17/2017	385	PV#LD00151	177,120.00
NBIS Launch Program	Edward N Towah	10/27/2017	342	PV#LD00136	500,000.00
DSA/Goods & Services	Marcus G. Kpanlin	12/19/2017	00000459	PV#LD000178	848,000.00
DSA, Incidental	Marcus G. Kpanlin	12/12/2017	00000424	PV#LD00165	173,000.00
DSA/Goods & Services	Albertha T. Dagbe	12/19/2017	00000458	PV#LD00177	874,000.00
DSA/Goods & Services	Momolu V Sirleaf	12/19/2017	00000457	PV#LD00176	947,200.00
Radio Announcement	Alberta T Dagbe	3/9/2018	00000549	PV#LD00204	188,500.00
Public Service Announcement	Alberta T Dagbe	4/12/2018	00000597	PV#LD00225	171,600.00
Christmas Handshake	Albertha T. Dagbe	12/14/2017	429	PV#LD00171	1,053,800.00
christmas basket	Albertha T. Dagbe et all	21-12-2017	467	PV#LD00183	63,000.00
Independence Gratuity	Albertha T. Dagbe	7/24/2017	275	PV#LD00122	332,671.50
Total					7,725,901.50

Appendix 2A: Social Security Contributions

No.	Name	Employee gross salary	Employer percentage contributions (4.75%) per month	Total NASSCORP's Contribution for 12 months
1	J Tiah Nagba	5,500.00	165	1,980
2	Zeze R Reed	4,800	144	1,728
3	Haja K K Liberty	4,800.00	135	1,620
4	Edward N. Towah	2,000	60	720
5	Alberta T. Dagba	1,000.00	30	360



No.	Name	Employee gross salary	Employer percentage contributions (4.75%) per month	Total NASSCORP's Contribution for 12 months
6	Momolu V Sirleaf	1,000.00	30	360
7	Abraham Joe Blow	300.00	9	108
8	Hilary Lawgar	200.00	6	72
9	Melvin K Clinton	200.00	6	72
Total		19,800.00	585.00	7,020.00

Appendix 2B: Social Security Contributions

No.	NIR Employer Gross salary per year	Employer percentage contributions (4.75%) per month	Total NASSCORP's Contribution for 12 months
1	19,800	940.5	11,280.00



3 EXHIBIT

Exhibit: 1

Persons with no NID Numbers											
PAYMENT_DATE	APPLICATION_TYPE	ENROLLMENT_ID	NID_NO	LAST_NAME	FIRST_NAME	MIDDLE_NAME	DATE_OF_BIRTH	GENDER	PAYMENT_IN_LRD	RECEIPT_NUMBER	PAYMENT_IN_USD
05/01/2018	New	050120182806116227 AE4F3		DANIEL	ORETHA		10/10/19 49	Female	590	LD 9552	5
06/05/2018	New	081420186215003230 56181		WEAH	SAYLEE	S	10/02/19 88	Male	700	476574879	5
01/05/2018	New	081320186218007230 448B0		WUO	IBEE	S	09/03/19 67	Male	700	2363782939	5
05/11/2018	New	081320186227006230 445D3		KANTA	ROMEO	TUTU	04/07/19 88	Male	700	44685790	5
05/03/2018	New	081420186230007230 55AC5		QUAYEE	JOSEPH	Q	07/01/19 70	Male	700	74553327	5
06/18/2018	New	06182018423000822B A7119		COLLINS	ADOLPHUS	HNE	06/04/19 62	Male	590	MOE210174000 02	5
05/07/2018	New	081320186230001230 44E51		TOGBA	EMMANUEL	O	01/18/19 72	Male	700	43757687	5
06/13/2018	New	06132018413002722B 3F943		WLEH	PATRICK	NAGBE	06/06/19 66	Male	590	MOE210251803 03	5
03/13/2018	New	031320182830037223 A9185		FODAY	OUMARU	ALIEU	09/29/19 78	Male	590	LD 7515	5
05/31/2018	New	05312018473016522A 2D5FE		KAHN	BLAYEE	PAYE	10/03/19 60	Male	590	USD 10908	5
06/05/2018	New	06052018463009022A 9365D		NEUFVILLE	GERTRUDE		09/29/19 66	Female	590	MOH 22092211381	5
06/28/2018	New	06282018493032422C 77432		KOLLIE	JEROME	BENSON	07/18/19 77	Male	590	LRA 00908	5
12/05/2017	New	12052017293022821B 934FE		KROMAH	MAMADE		12/02/19 42	Male	590	552	5
01/18/2018	New	01182018293012121F 32C30		BOLLIE	LUCRETI		07/17/19 58	Female	590	2140	5
12/04/2017	New	12042017283016821B 82927		SOMAH	MESHEL	R	07/06/19 70	Male	590	2017	5
06/20/2018	New	06202018413017222B D27AC		MULBAH	PETER	FORKPA	05/21/19 72	Male	590	MOL2302110000 9	5



Management Letter on the
 Financial Statement Audit of the National Identification Registry (NIR)
 For the period ended June 30, 2018

Persons with no NID Numbers											
PAYMENT_DATE	APPLICATION_TYPE	ENROLLMENT_ID	NID_NO	LAST_NAME	FIRST_NAME	MIDDLE_NAME	DATE_OF_BIRTH	GENDER	PAYMENT_IN_LRD	RECEIPT_NUM BER	PAYMENT_IN_USD
06/18/2018	New	06182018453048522B A5B1C		DANIEL	BETTY	F	03/27/19 64	Female	590	MOD 6655443300207	5
02/27/2018	New	022720182930404222 80BE7		MOULTON	MARTHAL YN	EVELYN	02/11/19 90	Female	590	LD 6684	5
05/15/2018	New	051520182630096228 D8CD9		JAYWHEHG AR	SAMUEL	SUNDAYG AR	11/29/19 68	Male	590	MLME-320-551- 800-20	5
06/15/2018	New	06152018293024722B 676B1		SAYWON	DEAZEE	MCKENDR ICK	03/18/19 86	Female	590	US-11468	5
06/05/2018	New	081420186230003230 5697E		JOHNSON	ERIC	T	10/02/19 60	Male	700	2361046	5
05/18/2018	New	081320185330003230 4257F		DOE	JOETHA		03/30/19 87	Female	700	000089	5
03/06/2018	New	081420186230329230 566E3		KULO	RUFUS	S	02/11/19 74	Male	700	472778676	5
06/01/2018	New	081320186242001230 41963		GEE	PAUL	S	12/25/19 68	Male	700	4619736	5
05/14/2018	New	081420186242007230 55E27		TOE	MOSES	Z	03/02/19 84	Male	700	7641897387	5
01/03/2018	New	081420186242036230 56502		DOE	SARAHS	H	10/15/19 68	Female	700	3656476	5
04/02/2018	New	081420186242009230 55C79		SUKU	MARY	E	08/04/19 85	Female	700	347843535	5
11/13/2017	New	081320185739003230 44A64		WASHINGT ON	FRIDAY		03/18/20 09	Male	700	0008	5
Total									17,950.00		140

