



## Management Letter

### On the Financial Statements Audit of the National Bureau of Concessions-(NBC)

*For the period ended June 30, 2019*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
December 2020

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**ACRONYMS USED**

| <b>Acronyms/Abbreviations/Symbol</b> | <b>Meaning</b>   |
|--------------------------------------|--|
| AFP                                  | Audit Focal Person                                       |
| AG                                   | Auditor General  |
| CGMA                                 | Chartered Global Management Accountant                   |
| CPA                                  | Certified Public Accountant                              |
| 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    |
| NBC                                  | National Bureau of Concessions                           |
| PAN                                  | Personnel Action Notice                                  |
| TOR                                  | Term of Reference  |

Hon. Edwin N. Dennis  
Director General (DG)  
National Bureau of Concessions (NBC)  
Monrovia, Liberia

December 31, 2020

Dear Hon. Dennis:

The Financial statements of the National Bureau of Concessions (NBC), for the fiscal period ended June 30, 2019 are subject to audit by the Auditor-General (AG) consistent with the AG's mandate as provided for in section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Audit Engagement Terms of Reference (ToR).

### **Introduction**

The Audit of the National Bureau of Concessions (NBC), Financial statements for the fiscal period ended June 30, 2016 has been completed and the purpose of this Management Letter is to bring to your attention the finding that were revealed during the audit.

### **Audit Scope and Determination of Responsibility.**

The audit was conducted in accordance with International Standards of Supreme Audit Institution (ISSAIs) as promulgated by International Organization of Supreme Audit Institutions (INTOSAI) as well the audit engagement Terms of Reference (ToR). 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 financial statements.

An audit involves;

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

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

The 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 matter and/or weaknesses that were not identified.

*Management Letter on the  
National Bureau of Concessions (NBC)  
For the Period ended June 30, 2019.*


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

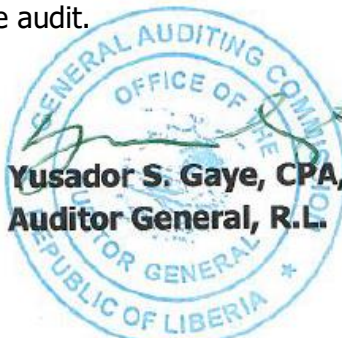
### **Key Management**

| <b>Name</b>           | <b>Rank</b>                                | <b>Tenure</b>  |
|-----------------------|--|----------------|
| Gregory O. W. Coleman | Director General                           | 2018 - Present |
| Daddy K. Gibson       | Deputy Director General for Administration | 2018 - Present |
| Nathaniel Bracewell   | Deputy Director General for Concession     | 2018 - Present |
| Ellen Whyte           | Director of Finance/ Comptroller           | 2018 - Present |
| Burphy Herron         | Procurement Manager                        | 2018 - Present |
| Mariah F. Nyumah      | Director of Human Resource                 | 2018 - Present |

### **Appreciation**

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the National Bureau of Concessions (NBC), during the audit.

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



**Monrovia, Liberia**

December 2020

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Bank Reconciliation

##### Observation

- 1.1.1.1 Page 26 paragraph 2 of the NBC Financial Management Policies Procedures Manual with caption 'Bank Reconciliation' states that "The bank reconciliation and petty cash reconciliation processes are described in the month end closing and reporting section of this month. Every bank account will be reconciled against the corresponding G/L account every month."
- 1.1.1.2 Additionally, Regulation R.3 (6) of the PFM Act of 2009 requires 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.
- 1.1.1.3 It was observed during the conduct of the audit, that the NBC Management did not prepare bank reconciliation.

##### Risk

- 1.1.1.4 The failure to prepare bank reconciliation statements could result in errors and omissions not being identified on a timely basis.

##### Recommendation

- 1.1.1.5 NBC Management should provide justification for not preparing monthly bank reconciliation.

##### Management's Response

- 1.1.1.6 *The bureau at the time was using accounting software called Quick Book, but unfortunately for the Bureau, the system server crashed and up to present the NBC did not get allotment for goods and services from National Government to restore the server.*

##### Auditor General's Position

- 1.1.1.7 We acknowledge Management's acceptance of our finding. However, going forward management should ensure that all the entity's bank accounts are reconcile monthly; and, we follow-up on implementation of management's assertions.
- 1.1.1.8 Management is however in breach of financial discipline in line with Regulation A.20 of the PFM act of 2009.

## 1.1.2 Third Party Payment

### Observation

- 1.1.2.1 Regulation B.28 of the Public Financial Management 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"
- 1.1.2.2 Additionally, Section 9.4 of the National Bureau of Concession Employee Handbook of November 2013 states that "Monthly salary shall be paid through a designated local bank, via direct deposit or check writing system.
- 1.1.2.3 It was observed during the conduct of the audit, that the management of NBC made direct payment to the below listing employees as salaries through others employees without evidence that the beneficiaries' employees received their salaries in the amount of US\$1,525.00. **See table 1 for details**

**Table 1: Third party payment**

| No | Name of beneficiary Employees | Name of Employee that received the beneficiary salary | Month     | Salary Amount US\$ |
|----|-------------------------------|---|-----------|--------------------|
| 1  | Patrick Togbah                | Miracle D. Jerbo                                      | Feb. 2019 | 700.00             |
| 2  | Evelyn Barco                  | Burphy Herron   | Feb. 2019 | 300.00             |
| 3  | Beyan Zayzay                  | Jurmo K. Lavaleh                                      | Feb. 2019 | 275.00             |
| 4  | Andrew Wleh                   | Johnson Kennedy                                       | Feb. 2019 | 250.00             |
|    | <b>Total</b>                  |   |           | <b>1,525.00</b>    |

### Risk

- 1.1.2.4 The payment to third party could provide an opportunity for abuse or misappropriation of fund.

### Recommendation

- 1.1.2.5 The management of NBC should provide justification why beneficiary employees' salaries were paid to other employees.

### Management's Response

- 1.1.2.6 *In the month of February 2019, the HR of the NBC who was steering the affairs of the payroll, he decided to combine the salaries of the affected employees for the payroll processing, and therefore informed all those who that had the problem with their NIR ID Numbers and verbally told those involved to follow their colloquies to receive their salaries for that month. See attach copies of payroll.*

### Auditor General's Position

- 1.1.2.7 The assertions by the NBC Management do not address the issue raised. There was no documentary evidence provided that shows the listed employee received their salaries.
- 1.1.2.8 Going forward, Management should ensure that staff salaries are paid directly to them or their authorized representatives. However, Management is in breach of financial discipline in line with Regulation A-20 of the PFM act of 2009.

### 1.1.3 Salaries deduction from Employees

#### Observation

- 1.1.3.1 Section 4.1 of the National Bureau of Concession Employee Handbook of November 2013 states that "unexplained absences amounting to five working days within a month shall be subject to pay cut for the number of days and a letter of warning. Also, an employee shall not leave his/her designated workplace during working hours without permission (written or oral) from his/her supervisor"
- 1.1.3.2 Regulation T.9 section 2 of the Public Financial Management Act of 2009 states that "A head of government agency shall ensure that deductions made from salaries are paid directly into the Consolidated Fund unless otherwise stated in the agreement covering the advance."
- 1.1.3.3 It was observed during the conduct of the audit, that the management of NBC deducted the total amount of US\$700.19 from three employees for absenteeism for the month of October 2018 without evidence that the amount deducted were deposited into the Government of Liberia consolidated account. **See table 2 for details**

**Table 2. Salaries deduction from Employees**

| No | Names           | Month   | # of days absent | Monthly Salary US\$ | Amount deducted US\$ |
|----|-----------------|---------|------------------|---------------------|----------------------|
| 1  | James Kpateh    | October | 7                | 1,475.00            | 516.00               |
| 2  | Alfred Harris   | October | 8                | 194.24              | 77.69                |
| 3  | Angeline Dennis | October | 12               | 177.54              | 106.50               |
|    | <b>Total</b>    |         |                  |                     | <b>700.19</b>        |

#### Risk

- 1.1.3.4 The lack of documents for deduction made on employees' salaries could undermine the legitimacy of the transactions.

#### Recommendation

- 1.1.3.5 The management of NBC should provide justification why the amount deducted was not deposited in Government of Liberia consolidated account.



### Management's Response

- 1.1.3.6 During the period under review, the NBC as an autonomous Agency was responsible to manage its own payroll and hence, all salaries deducted from employees for absenteeism was left into the salary account of the bureau. The payroll was accompanied with a checks and deposit slip which was place into the Bureau's account. So, these deductions that were made went for banks charges because government did not gave special checks for bank charges.

### Auditor General's Position

- 1.1.3.7 The assertion by the NBC management is not backed by documentary evidence. Cash deducted from employees are not for recurrent expenses and therefore should not be used for bank charges. Therefore, the NBC Management should account for the deduction. Further, Management is in breach of financial discipline in line with Regulation A.20 of the PFM act of 2009.

## 1.2 Administrative Issues

### 1.2.1 Recruitment Process

#### Observation

- 1.2.1.1 Section 1.1 and 1.2 of the National Bureau of Concession Employee Handbook of November 2013 states that "the hiring of employees within the NBC in any position shall require the declaration of vacancy by the head of division through the Human Resource Department and approval by the Director General/CEO, followed by letter of interest from suitably qualified applicants/candidates prior to hiring". 1.2 All hiring shall be on a competitive basis as provided for in the act creating the NBC and pursuant to the Labor law of Liberia.
- 1.2.1.2 Furthermore, section 1.3 states that "All hiring processes of employees must be approved by the Director General of the NBC. The Director General shall also approve the recruiting report after both the hiring manager (Department Head) and HR Director have signed".
- 1.2.1.3 It was observed during the conduct of the audit, that there was no evidence that some of the personnel recruited had all of their supporting documents as require by the NBC Employee hand book. **See table 5 for details.**

**Table 5: Personnel recruited for fiscal year 2018/2019**

| No | Name                 | Position    | Sex                 | Personnel file | Declaration of Intent | Application | Evaluation Report | Curriculum Vitea | Letter of employment |
|----|----------------------|-------------|---------------------|----------------|-----------------------|-------------|-------------------|------------------|----------------------|
| 1  | Wleh Andrew          | 1-Jul-18    | Security            | √              | X                     | √           | √                 | √                | √                    |
| 2  | Bartuah S. Ninwillay | 1-Jul-18    | Carpenter           | √              | X                     | √           | √                 | √                | √                    |
| 3  | Faikai Blamah        | 1-Jul-18    | Office Assist. DDGA | X              | X                     | √           | X                 | √                | √                    |
| 4  | Johannel L. Kemoh    | July 1,2018 | Data Entry Clerk    | √              | X                     | √           | √                 | √                | √                    |

*Management Letter on the  
National Bureau of Concessions (NBC)  
For the Period ended June 30, 2019.*

| No | Name              | Position     | Sex                      | Personnel file | Declaration of Intent | Application | Evaluation Report | Curriculum Vitea | Letter of employment |
|----|-------------------|--------------|--------------------------|----------------|-----------------------|-------------|-------------------|------------------|----------------------|
| 5  | Roland G. Jutee   | July 1,2018  | Jr. Auditor              | √              | X                     | √           | √                 | √                | √                    |
| 6  | Cassell Afiave    | 1-Jul-18     | Chief of Staff DG        | √              | X                     | √           | X                 | √                | √                    |
| 7  | Miracle D. Jerbo  | Aug.1,2018   | HR Officer               | √              | X                     | √           | √                 | √                | √                    |
| 8  | Jekeh F. Koivan   | Aug.1,2018   | Analyst, Fin & Econ Unit | X              | X                     | X           | X                 | X                | X                    |
| 9  | Eric Kpehe        | Aug.1,2018   | Analyst, Mining Unit     | √              | X                     | √           | X                 | √                | √                    |
| 10 | Berlyn A. Sanusie | Aug.1,2018   | Oil & gas Specialist     | X              | X                     | X           | X                 | X                | X                    |
| 11 | Augustine Blamah  | Oct. 1, 2018 | Adm. Asst. to DG         | √              | X                     | √           | √                 | √                | √                    |
| 12 | Togbah Terry      | 1-Oct-18     | Janitor                  | X              | X                     | √           | √                 | √                | √                    |
| 13 | Asquithus Moulton | Dec. 1, 2018 | PR Officer               | √              | X                     | √           | √                 | √                | √                    |
| 14 | Zally J Monnah    | 4-Dec-18     | Public Relation Officer  | √              | X                     | X           | X                 | √                | √                    |
| 15 | John Autto        | June 10,2019 | Janitor                  | √              | X                     | √           | X                 | √                | √                    |
| 16 | Henry Fallah      | March 1,2019 | Adm. Asst. DDGA          | √              | X                     | √           | X                 | √                | √                    |

**Risk**

- 1.2.1.4 The failure to adhere to the competitive recruitment processes could lead to hiring undeserving or incompetent staff for the position.

**Recommendation**

- 1.2.1.5 The NBC Management should provide material justification for the recruitment of some personnel without evidence of a competitive process.

**Management's Response**

- 1.2.1.6 *Management acknowledges the recommendations from the report. For the period under review, we have made some improvements as per our handbook. Notwithstanding, all the above employees listed have personnel files, application letters, curriculum Vitae and letter of employment, etc. Additionally, all hiring processes of employees were approved by the Director General, and as well as the recruiting processes.*

- 1.2.1.7 *The aspects of the personnel requirements in relation to the declaration of intent and evaluation report will be fully implemented from here onward and it will be done in accordance with the NBC's handbook and the CSA's Standing order.*

**Auditor General's Position**

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

- 1.2.1.9 We acknowledge Management's acceptance of our finding. We will make a follow up on the implementation of management's assertions.
- 1.2.1.10 However, during the review of document provided by the NBC management in response to the management letter, it was noted that some employee's documents for employment such as personnel files, application letters, and declaration of intent, among others were not included in their personnel files, therefore Management should ensure that employee's files are maintained with the appropriate documents.
- 1.2.1.11 In addition, the review of document provided by NBC Management in response to the management letter, several listed employee's documents for employment such as personnel files, application letters, and declaration of intent were not among the files presented for review. Further, Management should ensure that their file is maintained for the staff and presented for review during subsequent audit.
- 1.2.1.12 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM act of 2009.

## **1.2.2 Asset Identification Code**

### **Observation**

- 1.2.2.1 Section 51.4 of the Executive Law of 1972, the GSA shall record and keep inventory of all Government property and fixed assets. The ministries and agencies are required to avail to the GSA information regarding all assets purchased so that the assets are coded, recorded and given license plates in the case of motor vehicles.
- 1.2.2.2 Furthermore, Regulation V.1.2.a of the Public Financial Management Act of 2010 (Responsibility of Assets Management) states that "The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: Preventive mechanisms are in place to eliminate theft, losses, wastage and misuse".
- 1.2.2.3 It was observed during the conduct of the audit, that NBC management did not code the entity assets such as equipment, furniture and fittings.

### **Risk**

- 1.2.2.4 In the absence of identification marks with the appropriate coding, the Agency fixed assets could be susceptible to theft and misuse.

### **Recommendation**

- 1.2.2.5 The Management of NBC should provide justification why the Agency's assets were not coded.

### **Management's Response**

- 1.2.2.6 *The recommendations are noted. The NBC's Assets were not coded prior to the audit for the period under review due to delay in the inter-agency communication between the NBC and the GSA. Notwithstanding, management will provide required trainings for employees of the Asset Management Unit of the NBC and make sure the Unit accepts and applies all required procedures, policies and regulation in relation to asset management. Management has attached copies of communications to the GSA and copy of the asset registry.*

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

- 1.2.2.7 We acknowledge Management's acceptance of our finding. We will make a follow up on the implementation of management 's assertions. However, Management is in breach of financial discipline per with Regulation A.20 of the PFM act of 2009.

## **1.2.3 Audit Committee**

### **Observation**

- 1.2.3.1 Regulation K.10 of PFM Act of 2009 states 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.
- 1.2.3.2 In addition, Regulations K.11(1)(a), of PFM Act 2009 also states that "the Audit Committee of Government Agencies or Organizations shall review internal controls, including the scope of internal audit, internal audit Plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken."
- 1.2.3.3 It was observed during the conduct of the audit, that there was no evidence to indicate that the NBC Management established a functioning audit Committee.

### **Risk**

- 1.2.3.4 Failure by Management to establish functioning Audit Committee may prevent Management from taking timely corrective action on deficiencies identified in internal controls.

### **Recommendations**

- 1.2.3.5 Management should establish a functioning Audit Committee as part of the Governance structures. This will enable Management evaluate and ensure that internal controls are operating effectively and at all times

### **Management's Response**

- 1.2.3.6 *Management notes the recommendation going forward.*

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

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

### **1.2.4 Fleet Management Policy**

#### **Observation**

- 1.2.4.1 Regulation V.1 (3) of the PFM Act of 2009 state that The Head of Government Agency must ensure that processes (whether manual or electronic) and procedures are in place for the effective, efficient, economical and transparent use of the assets assigned to the institution.
- 1.2.4.2 It was observed during the conduct of the audit, that there was no evidence of policy on fleet management. Additionally, the NBC Management did not maintain an automobile log books to keep track of the movement of its vehicles.

#### **Risk**

- 1.2.4.3 Lack of policy on fleet management could lead to lack of controls over the entity assets.
- 1.2.4.4 The absence of a log books could lead to abuse in the movements of the entity vehicles.

#### **Recommendation**

- 1.2.4.5 NBC management should develop a policy on fleet management.
- 1.2.4.6 NBC management should maintain an automobile log books to monitor the movements of its vehicles.

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

- 1.2.4.7 *Management notes the recommendation going forward.*

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

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

### **1.2.5 Fixed Assets Register**

#### **Observation**

- 1.2.5.1 Regulation V.4 (1-5) of the PFM Act of 2009 state that (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed assets shall be brought on a master inventory of the Government Agency.

- 1.2.5.2 (2) The master inventory shall record under each category of item: (a) the date and other details of the voucher or other document on which the items were received or issued; (b) their serial numbers where appropriate; and (c) their distribution to individual locations and the total quantity held.
- 1.2.5.3 (3) In respect of each individual location, there shall be made two copies of the inventory showing all items held at the location; one copy of the inventory shall be kept with the master inventory and the other copy at the location.
- 1.2.5.4 (4) The dates and other details of all receipts and issue of items to or from the location shall be recorded on both copies of the inventory as they occur.
- 1.2.5.5 (5) The initial entries and all other entries made later on both copies of the inventory shall be validated by the signature of the officer having the use of the items, or where there is more than one officer, the most senior of them”.
- 1.2.5.6 It was observed during the conduct of the audit, that there was no fixed assets register maintained and consequently the assets had not been recorded and coded. In addition, because of the lack of a fixed assets register/listing, it was difficult to verify the existence of all assets belonging to the entity.

#### **Risk**

- 1.2.5.7 Lack of a fixed assets register/listing could make it difficult to trace the whereabouts of assets procured by the NBC.

#### **Recommendation**

- 1.2.5.8 NBC Management should prepare a fixed asset register/listing to record all fixed assets procured and donated.

#### **Management’s Response**

- 1.2.5.9 *Management notes the recommendation going forward.*

#### **Auditor General’s Position**

- 1.2.5.10 We acknowledge Management’s acceptance of our finding and recommendation. We will make a follow up on the implementation of our recommendation during subsequent audit. However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM act of 2009.

### **1.3 Internal Controls Issues**

#### **1.3.1 Internal Audit**

##### **Observation**

- 1.3.1.1 Regulation J.3 of the PFM Act of 2009 with the caption ‘Establishment of Internal Audit Units’ states that “(1) There shall be established in each government agency or

government organization an internal audit unit which shall constitute a part of that institution. (b) shall carry out internal audit of its institution and shall submit reports on the internal audit it carries out in accordance with section 38 (3) and (4) of the Public Finance Management Act 2009; the Internal Audit Governance Board standards and procedures;

1.3.1.2 The Government Agency or Government Organizations' accounting and auditing instructions; and International Public Sector Accounting Standards, International Organization of Supreme Audit Institutions (INTOSAI) Standards, and Institute of Internal Auditors Standards as adopted by the Government of Liberia; and (c) without prejudice to section 38 (3) and 38 (4) of the Public Finance Act 2009, there port in sub regulation 4(b) shall be submitted to the Head of the Government Agency or Government Organization through the Audit Committee copied to the Auditor General and the Internal Audit Governance Board."

1.3.1.3 Internal audit function is an independent appraisal function established by the management of an entity to review the adequacies and effectiveness of the system of internal controls of an entity and provide risk management strategies within the entity.

1.3.1.4 It was observed during the conduct of the audit, that there was no evidence that the NBC had a functional Internal Audit Department to review the internal controls system of the entity and ensure compliance by the entity to GoL financial management and other regulations.

#### **Risk**

1.3.1.5 In the absence of the functional Internal Audit Department, there would be no independent scrutiny of the financial, operational and compliance issues within the entity.

#### **Recommendation**

1.3.1.6 NBC management should set up a functional Internal Audit Department to review the internal controls and operations and provide advice on risk management strategies within the entity.

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

1.3.1.7 *Management notes the recommendation going forward.*

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

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