



Management Letter

On The Financial Statement Audit of the National Port Authority (NPA)

For the Period July 1, 2017 to June 30, 2018



Promoting Accountability of Public Resources

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

Monrovia, Liberia
May 2021

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
NPA	National Port Authority
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
FY	Fiscal Year
GAC	General Auditing Commission
GOL	Government of Liberia
ISSAIs	International Standards of Supreme Audit Institutions
FS	Financial Statement
PFM Act	Public Finance Management Act
US\$	United States Dollar

May 31, 2021

Hon. Bill Twehway
Managing Director
National Port Authority
Monrovia, Liberia

Dear Hon. Twehway:

The Financial Statements of the National Port Authority (NPA) 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 NPA for the fiscal year July 1, 2017 to June 30, 2018 have 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 an 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 Management of NPA. Our responsibility is to express our opinion on these financial statements.

The audit findings which were identified during the course of the audit, are included below.

MANAGEMENT COMMENTS

It would be appreciated if your comments on these findings could be submitted within two weeks after the date of this report for incorporation.

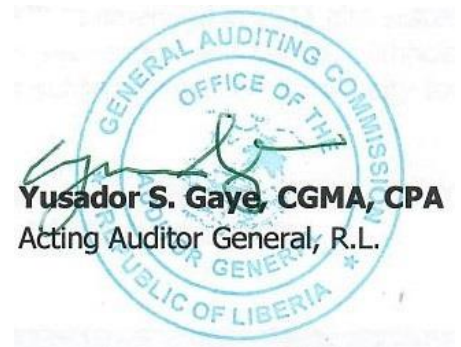
Key Management Personnel

No.	Name	Position	Tenure
1	Hon. Cecelia Coffey Brown	Acting Managing Director	2017-2018
2.	Christopher Wisner	Deputy/Operation	2018 to present
2	Mr. J. Franklin W. Sarkoh	Comptroller	2018 to Oct, 2018
3.	Mr. Vakuma S. Dukuly	Acting Comptroller	Oct. 2018 to Present

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and Staff of the NPA during the audit.

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



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

Monrovia, Liberia

May 2021

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Revenue

Observation

1.1.1.1 Statements on Financial Accounting Concepts (SFAC) No. 2 'Qualitative Characteristics of Accounting Information', requires that the reliability of the financial statements rests upon the extent to which the accounting description or measurement is verifiable and representationally faithful. It also requires that the financial statements must depict the true and fair picture of the status of the company affairs which means that the information provided must not have any significant errors or material misstatements.

1.1.1.2 Section 39 (2) of the Public Finance Management (PFM) Act of 2009 states that "Autonomous agencies and Special Funds must keep full and proper records of the financial affairs of the agency in accordance with the relevant rules and procedures set forth in this Act and its regulations".

Monrovia Port

1.1.1.3 It was observed during the conduct of the that total revenue generated by APM Terminal upon which the Port of Monrovia share of revenue was based could not be verified due to the terms of the existing APM agreement which does not allow for verification of total revenue generated by the NPA Management.

Risk

1.1.1.4 The accuracy and completeness of the NPA Share of revenue generated by APM Terminal could be in doubt in the absence of GAC not verifying the total revenue generated.

Recommendation

1.1.1.5 The Government of Liberia should review the concessional agreement with the APM Terminal to ensure that GAC is allowed to verify NPA share of total generated by APM Terminal.

Management's Response

1.1.1.6 *Government of Liberia signed a 25-year concession agreement with APM terminals in September 2010 to take over the marine, cargo and storage activities of the Freeport of Monrovia. APM Terminal started its operations in the Freeport of Monrovia in February 2011, and since then, APM Terminal's activities has not been scrutinized/reviewed by the NPA. NPA only receives a summary report from APMT at the end of every month on APMT revenue and also the share of NPA. APMT does not provide any source data (invoices, adjustment on bills, credit note, etc.) to NPA to verify the summary report. Whatever APMT reports to NPA is considered as final. NPA assigned some field staff (M&E) to monitor the activities of APMT, but this did not really help to gather the necessary data NPA needed to verify the APMT's entire operations (cargo movement, vessel traffic, storage days, etc.). Because of these doubts, the Managing Director of NPA, in September 2019 requested a reconciliation of APMT revenue and Royalty report from the year 2011(from the inception*

of APMT) up to July 31, 2019 (about seven years plus) to produce an independent and reliable report. He sought the involvement of the Internal Audit Agency of Liberia (IAA) to be blended with staff of NPA. The joint reconciliation was brief. The IAA final report (7.2 finding) disclosed that APMT generated extra revenue in the amount of US\$29,607,017.49, which APMT termed as auxiliary revenue" and did not share with NPA from February of 2011 up to July 31, 2019. The Managing Director of APMT, Hon. George G. Adjei, in response to the IAA of Liberia findings (7.2) stated that, although APMT generated auxiliary revenue and did not share said revenue with NPA as reported in the joint reconciliation report, the figure of US\$29,607,017.49 was overstated and should have instead been US\$25.2 Million. Mr. Adjei, in his response letter to the Managing Director of NPA Hon, Bill Twehway, dated November 22, 2019, justified APMT's action by citing Article 7.07 b of the Agreement of 2010 between APMT and the Government of Liberia which according to him gives APMT the right to generate certain revenue for itself without remittance to NPA. Thus, the report was submitted to the Justice Minister of the Republic of Liberia for consideration and further action. The reconciliation and compliance department of the NPA-Finance Division continued the review process by carrying out monthly reconciliation of APMT revenue/royalty summary submitted. It has been difficult to do this reconciliation without any source document. NPA has persistently requested APMT management to submit all invoices and other revenue data that generated the revenue, but APMT is yet to comply. Besides the IAA report of the revenues not shared with NPA (February 1, 2011 to July 31, 2019), we do monthly summary of the outstanding revenue that has not been received. The NPA will most appreciate if the GAC could intervene to ensure that its fair share of revenue is remitted with the appropriate documentation. Please see above analysis of the Reconciliation and Compliance Department from August 2019 – April 2021 submitted to APMT through official communication without recourse.

Auditor General's Position

- 1.1.1.7 We acknowledge Management's assertions. However, Management should initiate discussions with the Government of Liberia to review the concessional agreement with the APM Terminal to ensure that GAC is allowed to verify NPA share of total revenue generated by APM Terminal.

1.1.2 Financial Reporting Requirements

Observation

- 1.1.2.1 On July 1, 2013 the Government of Liberia mandated all Government Business Enterprises or State-Owned Enterprises (SOEs) to adopt International Financial Reporting Standards (IFRS) in the preparation and presentation of their financial statements.
- 1.1.2.2 We noted during the conduct of the audit that the Management of NPA prepared its financial statements in accordance with United States Generally Accepted Accounting Principles (US GAAP) instead of the International Financial Reporting Standards (IFRS) as adopted by the Government of Liberia in 2009 as a reporting framework for State Owned Enterprises (SOE).

Risk

- 1.1.2.3 The failure of the National Port Authority (NPA) Management to prepare financial statements in accordance with IFRS undermines comparability and consolidation of SOEs financial statements.

Recommendation

- 1.1.2.4 Management should adopt the IFRS as its financial reporting framework.

Management's Response

- 1.1.2.5 *NPA has seen no evidence contained in the Public Financial Management (PFM) Act or Regulations and policy communication that the Government of Liberia adopted International Financial Reporting Standards (IFRS) as a reporting framework for State Owned Enterprises (SOEs). NPA maintained reporting in compliance with US GAAP and in the manner required by PFM Act of 2009; accordingly, refutes GAC violation claims of non-compliance with IFRS and does not find it prudent to restate the Financials in IFRS for the calendar years mentioned. Our research revealed that institutions in Liberia that have thus far adopted IFRS reporting are:*

- *The Central Bank of Liberia(CBL) in 2013 requires all banks to prepare financial statements in accordance with IFRS;*
- *The Liberia Institute of Certified Public Accountants (LICPA) in July 2015 adopted IFRS for the private sector.*

- 1.1.2.6 *Notwithstanding, in an effort to prepare for possible migration from GAAP to IFRS, the NPA sent two of its senior Managers for the first time adoption of IFRS training in Miami, Florida, USA, from Dec. 5-9, 2016. More systematic training is required and thinking of migration now is far-fetched. We will highly appreciate for GAC to indicate some IFRS financial Statements prepared by any SOEs.*

- 1.1.2.7 *Additionally, we are working with the SOEs at the Ministry of Finance, Economic and Development Planning for the revaluation of our assets which is the only hindrance to our migration to IFRS.*

Auditor General's Position

- 1.1.2.8 The use of the US GAAP as the financial reporting framework by the NPA Management as opposed to the use of IFRS as adopted by the GoL will definitely undermine the consolidation of SOEs' financials at the MfDP. Therefore, Management of NPA should ensure that the above audit recommendation is implemented.

1.1.3 Manual Financial Reporting

Observation

- 1.1.3.1 According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control Framework, Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out.

1.1.3.2 We noted during the conduct of the audit that the NPA Management prepares its financial reports manually (Excel) instead of an automated accounting software.

Risk

1.1.3.3 The reliability of information reported in the Financial Statements could be in doubt in the absence of an accounting software.

Recommendation

1.1.3.4 Management should ensure that an accounting software is acquired and used for effective and efficient recording and reporting of financial information.

Management's Response

1.1.3.5 *Management acknowledges your observation. We are transitioning into an automated accounting system where our books of accounts will be automated. We have acquired the Software and our accounting staffer are being trained. We have also been able to maintain proper books of account using excel.*

Auditor General's Position

1.1.3.6 We acknowledge Management's assertion. However, we will make follow-up during subsequent audit.

1.1.4 Bank Reconciliation

Observation

1.1.4.1 Regulation R.3(6) of the PFM Regulations of 2009 stipulates 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".

1.1.4.2 We noted during the conduct of the audit that the NPA Management did not prepare bank reconciliation statements for all of its accounts disclosed in its financial statements.

Risk

1.1.4.3 Failure to prepare monthly bank reconciliation statement could lead to error or omission not timely being detected on a timely basis.

Recommendation

1.1.4.4 Management should provide justification for not preparing the monthly bank reconciliation statements for accounts stated in its financial statements.

Management's Response

1.1.4.5 *We are herein resubmitting to your office copies of all bank reconciliations for the period July 1, 2017 to June 30, 2018. Please see attached. We are again resubmitting to your office copies of all bank reconciliations for the period July 1, 2017 to June 30, 2018.*

1.1.4.6 *NPA reconciles all its bank accounts monthly over the period 2017/18; we are resubmitting the bank reconciliations for Fiscal Year 2017/18; for review. Please see attached.*

Auditor General's Position

- 1.1.4.7 Bank Reconciliation statements submitted by Management for evaluation was not signed, review and/or approved by a designated authority.
- 1.1.4.8 Going forward, Management should prepare bank reconciliation statements, signed, review and approved by a designated authority.
- 1.1.4.9 Therefore, Management is in breach of financial discipline in line with regulation A. 20 of the Public Financial Management Act.

1.1.5 Inadequate Documentation

Observation

- 1.1.5.1 Regulation P.12 of the PFM Act, 2009 states that, "Where the officer signing the payment voucher cannot himself check that the services, goods or works for which payment is being made have been received, he shall ensure that the voucher is supported by original copies of supporting documents such as contract, local purchase order, goods received note, and a certificate or other endorsement such as an annotated rubber stamp signed by an officer who can attest to the correctness of the fact."
- 1.1.5.2 We noted during the conduct of the audit that management made several payments amounting to US\$13,047,371.83 (Thirteen million, forty-seven thousand, three hundred seventy-one e United States Dollars, eighty-three cents) without supporting documents such as payment vouchers, invoices and receipts etc. **Refer to Appendix 1 for details.**

Risk

- 1.1.5.3 Failure to submit documentation for audit purposes undermines accountability and transparency of public resources.

Recommendation

- 1.1.5.4 Management should provide the necessary supporting documents.

Management's Response

- 1.1.5.5 *NPA's record shows that the amount of **US\$13,047,371.83** (Thirteen Million Forty-Seven Thousand Three Hundred Seventy-one 83/100 United States Dollars) voucher payments finding by GAC is in correct. According to vouchers listing submitted by the auditors, **L\$10,893,500.00** (Ten Millions Eight Hundred Ninety-Three Thousand Five Hundred Liberian Dollars) of this amount representing local travel per diem and transfer regarding currency exchange were included in the **US\$13, 047,371.83** calculations. In addition, a total of **US\$56,596.43** raised was voided.*
- 1.1.5.6 *However, we are re-submitting to you copies of vouchers and other supporting documents associated with the transactions. **Refer to Exhibit II E. Please see schedules below:***

Liberian Dollars Payment Vouchers:

Date	Voucher #	Check#	Vendor	Purpose	Amount LD\$
14-Aug-17	'08119	Transfer	Nation Port Authority	Currency Exchange	6,175,000.00
14-Aug-17	'08120	Transfer	Nation Port Authority	Currency Exchange	3,087,500.00
28-May-18	'05182	20168417	Jusuf A. Bility	Local Travel Perdiem	80,000.00
30-May-18	'05211	20168421	Adolphus B. Marshall	Local Travel Perdiem	83,000.00
28-Mar-18	'03190	20168541	Sema G. Tulay	Local Travel Perdiem	1,380,000.00
16-Mar-18	'03087	20168518	J. Franklin Wleh Sarkoh	Local Travel Perdiem	88,000.00
	Total				10,893,500.00

Voided Checks:

Date	Voucher #	Check#	Vendor	Purpose	Amount US\$
17-July-17	7144	301105	Capital Press	Gate Pass	9,750.00
5-July-17	7029	619492	Flathom Trucking & Equipment	Share of Revenue Expense	46,846.43
	Total				56,596.43

Auditor General's Position

1.1.5.7 We have made the necessary adjustments to reflect the corrections made by Management. However, we reviewed documents provided by Management which amounted to US\$12,969,478.48. Therefore, we have adjusted the payments without adequate supporting documentation to US\$77,893.48 (US\$13,047,371.83-US\$12,969,478.35) to be accounted for by Management.

1.1.6 Corporate Social Responsibility (CSR)

Observation

1.1.6.1 Section 55 (3) of the Act creating the National Port Authority empowers the Board of Directors to develop policy to guide the NPA administration in executing its function for the smooth operation of the Port.

1.1.6.2 We noted during the conduct of the audit that the NPA Management expended the amount of US\$310,441.00 (Three hundred ten thousand, four hundred forty-one United States Dollars) for Corporate Social Responsibility (CSR) per its financial Statement without an approved policy to regulate said expenditure. Further, the Management failed to provide a schedule that comprises the amount indicated.

Risk

1.1.6.3 Funds disbursed could be discretionary.

Recommendation

1.1.6.4 The NPA Management should provide justification for making CSR Payments without an approved policy.

Management's Response

- 1.1.6.5 *Expenditures made for Corporate Social Responsibility were approved in the NPA annual budget approved by the Board and spent by management thoughtfully with precedence and need based qualification criteria as guide. However, a policy is currently being reviewed by the Board for subsequent approval.*

Auditor General's Position

- 1.1.6.6 Management's assertion did not provide justification for making Corporate Social Responsibility Payments without an approved policy. Going forward, Management should develop a policy for CSR payments. Therefore, Management is in breach of Section 55 (3) of the Act creating the National Port Authority.

1.1.7 Professional Fees

Observation

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

- 1.1.7.2 We noted during conducted of the audit that expenditure in the amount of US\$469,378.00 (Four hundred sixty-nine thousand, three hundred seventy-eight United States Dollars) disclosed in the entity's financial statements for professional fees was not supported by evidence of work done and documentation such as contracts, invoices and payment vouchers etc.

Risk

- 1.1.7.3 The regularity and/or genuineness of funds disbursed cannot be assured in the absence of supporting documentation.

Recommendation

- 1.1.7.4 Management should provide justification for making payments without documentation.
- 1.1.7.5 Management should provide a breakdown for amounts reflected for professional fees in the financial statement.

Management's Response

- 1.1.7.6 *The Payment of professional fees was authorized and approved by Management and Board. Those payments were made and adequately supported. We are submitting a schedule of payments and supporting documentation for your review. **Refer to Exhibit IIIH***

Auditor General's Position

- 1.1.7.7 We reviewed documents provided by Management which amounted to US\$580,000.00. Therefore, we have adjusted the payments made for Professional Fees without documentation to US\$110,622.00 (US\$469,378.00 -580,000.00) to be accounted for by Management.

1.1.7.8 Going forward, Management should ensure that payments are adequately supported by documentation.

1.1.7.9 Therefore, Management is in breach of financial discipline in line with regulation A.20 of the Public Financial Management Act of 2009 as amended 2010.

1.1.8 Procurement Plan

Observation

1.1.8.1 Section 40 of the Public Procurement Concession (PPC) Act of 2005 as amended and restated in 2010 states that "(1) All Procuring Entities shall undertake procurement planning, with a view to achieving maximum value for public expenditure and the other objects of this Act. (2) For each fiscal year the Procurement Unit shall prepare a draft annual procurement plan for goods, works and services for use by the Procuring Entity in the Procuring Entity's budgeting process. Upon budget approval, the Procurement Unit shall prepare an annual procurement plan for goods, works and services in accordance with the Procuring Entity's approved programs and budget and furnish it to the Procurement Committee. The plan shall include.

- (a) A brief description of each planned procurement contract;
- (b) The estimated cost of each planned procurement contract;
- (c) The procurement method to be used; and
- (d) Processing steps and time schedules

1.1.8.2 We noted during the conduct of the audit that total expenditure approved for goods and services in the entity's procurement plan was exceeded in the financial statement by US\$1,391,263.62 (One million, three hundred ninety-one thousand, two hundred sixty-three United States Dollars, sixty-two cents) **Refer to Appendix 2 for details.**

Risk

1.1.8.3 Spending in excess of amounts approved could lead to misapplication of funds

Recommendation

1.1.8.4 Management should provide justification for spending in excess of what was approved in the entity's procurement plan.

Management's Response

1.1.8.5 *We are re-submitting to you, procurement and cash plan for fiscal year 2017/18 for your review, **Refer to Exhibit F.***

Auditor General's Position

1.1.8.6 Management's assertion does not address the issue raised. Going forward, Management should ensure that procurement of goods and services are in consistent with the entity's approved procurement plan. Therefore, Management is in breach of Section 40 of the Public Procurement Concession (PPC) Act of 2005 as amended and restated in 2010.

1.1.9 Procurement Method

Observation

1.1.9.1 Section 48(1) of the PPC Act of 2005 amended and restated in 2010 states " National Open Competitive Bidding (1) Except as provided in subsection (2) of this Section, in procurement proceedings in which the Procuring Entity decides that only domestic suppliers or contractors are likely to be interested in submitting bids, the Procuring Entity shall employ national open competitive bidding procedures for procurements in which the estimated contract price of the procurement does not exceed the ceiling Threshold applicable to national open competitive bidding."

1.1.9.2 It was observed during the conduct of the audit that the NPA Management expended US\$956,146.00 (Nine hundred fifty-six thousand, one hundred forty-six United States Dollars) for goods and services without evidence of adherence to the National Open Competitive Bidding process as required by the PPC Act, 2005 as amended, 2010. **See Table 2 for details.**

Table 2: Non-adherence to PPC Act

No.	Contract Package	Approved Procurement Method	Expenditure per Financial Statement B (US\$)
1	Medical Insurance	NCB	63,165.00
2	Equipment & Software for ISPS Implementation	NCB	148,520.00
3	Vehicles Repairs & Maintenance Services	NCB	138,100.00
4	Vehicles Insurance	NCB	81,188.00
5	Janitorial Services	NCB	49,450.00
6	Plant & Equipment Maintenance	NCB	300,025.00
7	Postage	RFQ	175,698.00
Total			956,146.00

Risk

1.1.9.3 Failure to adhere to National Open Competitive bidding could lead to discretionary decision making; value for money may not be achieved.

Recommendation

1.1.9.4 Management should provide justification for failing to adhere to the PPC Act, 2005 as amended, 2010.

Management's Response

1.1.9.5 Please find below NPA's Procurement Methods:

- *Open Tendering*
- *Restricted Tendering*
- *Requests for Proposals(RFP)*
- *Two Stage Tendering*
- *Request for Quotations*
- *Single Source*

Auditor General's Position

- 1.1.9.6 Management's assertion does not address the issue raised. Going forward, Management should ensure that the appropriate procurement methods approved in the entity's approved procurement plan is adhered to. Therefore, Management is in breach of Section 48(1) of the Public Procurement Concession (PPC) Act of 2005 as amended and restated in 2010.

1.1.10 In-Kind Contribution

Observation

- 1.1.10.1 FASB ASC 250-10-45-5 states that "The cumulative effect of the change on periods prior to those presented should be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented. An offsetting adjustment, if any, shall be made to the opening balance of retained earnings or other appropriate components of equity or net assets in the statement of financial position for that period. Financial statements for each individual prior period presented should be adjusted to reflect the period-specific effects of applying the new accounting principle."
- 1.1.10.2 Additionally, FASB ASC 250-10-05-2 requires that unless impracticable or otherwise specified by applicable authoritative guidance, retrospective application to prior periods financial statements of change in accounting principle. Retrospective application is the application of a different accounting principle to prior accounting periods as if that principle had always been used more specifically.
- 1.1.10.3 We noted that the NPA Management reported a closing In-Kind contribution balance amounting to US\$82,771,534.00 (Eighty-two thousand, seven hundred seventy-one thousand, five hundred thirty-four United States Dollars) in the retained earnings statement, but could not be traced to any accumulated activity of the entity.

Risk

- 1.1.10.4 Unexplained figures appearing in the financial statements may lead to unfair presentation of the financial statement.

Recommendation

- 1.1.10.5 Management should provide the detail explanation and supporting documents for the figure stated in the financial statements as in-kind contribution.

Management's Response

- 1.1.10.6 *On October 25, 2006, the Government of Liberia absorbed NPA's indebtedness in the tune of US\$32.2 million incurred during the period 1977 to 2005 to the extent that their validity is confirmed and US\$50.0 million for estimated added of pier rebuild by APM Terminal sum up of In-Kind contribution of **US\$82.2Million**. This document served as basis for what constituted the 'In kind Contribution'. The in kind contribution was classified in the Capital section of the Balance sheet since 2007 by the then GEMAP Comptroller. Furthermore, we refute claims that the In-kind Contribution figure did not appear in the 2017-2018 Financial; we will highly appreciate where you to revisit NPA 2017/2018 Annual report*

under the Owner's equity portion, you will see that said figure was not written off. Please find Exhibit III.

Auditor General's Position

- 1.1.10.7 Payment made by Government of Liberia on behalf of the Port Management should not be classified as a retained earning but should rather be classified as revenue/grant depending on the detailed of the support document. The entry should be a credit to in kind contribution account and a debit to an expense account. Further Management should present these adjustments, the GoL settlement and US\$82,771,534.00 for review during subsequent audit.

1.1.11 Fixed Assets Management

Observation

- 1.1.11.1 FASB ASC 360-10-50-1 requires that the following disclosures to be made in the Financial Statements or notes thereto:

- a. Depreciation expense for the period;
- b. Balances of major classes of depreciable assets, by nature or function, at the balance sheet date;
- c. Accumulated depreciation, either by major classes of depreciable assets or in total, at the balance sheet date;
- d. A general description of the method(s) used in computing depreciation with respect to major classes of depreciable assets

- 1.1.11.2 We noted during the conduct of the audit that the there was no evidence that the balances indicated in the register reflect the fair value of the assets on the NPA's books.

Risk

- 1.1.11.3 The accuracy of the fixed assets balance could be in doubt in the absence of a complete and accurate fixed asset register.

Recommendation

- 1.1.11.4 The NPA Management should provide justification as to why a fixed asset register had not been properly maintained.

Management's Response

- 1.1.11.5 *NPA fixed assets (schedule) registrar does not only reflect the cost of asset, monthly depreciation, accumulated depreciation and net value original cost as claimed by GAC. It includes location, date of purchase and model of the Asset acquired. Vehicles, Buildings and Equipment are marked by function or Department and coded. However, we take note of the issue of coding other assets that are neither coded nor marked. In the absent of fixed assets registrar, NPA's Management has a fixed assets schedule. Nevertheless, the issue of establishing a registrar is in progress.*

- 1.1.11.6 NPA has and always maintained an Asset disposal details contrary to GAC claim;
- Vehicles disposals are consistent with Article IV section 1 Buy-your-own Car Scheme of the Transportation Policy; Transport, Finance, DMD/Administration and Managing Director offices are copied on details of disposal (i.e. vehicle type, license plate, Cash receipt number, disposal date and name of the buyer).
 - Vehicles, Equipment and other Assets disposal are done through public auction consistent with Auction policy; brochures with details description of assets including prices are made available. Management's committee conducts said exercise and the list of winners is published and following financial fulfillment, the Claims Section of the Transport Department maintained a detailed description of assets disposed of.
Refer to exhibits C.

Auditor General's Position

- 1.1.11.7 Management's assertion does not adequately address the issue raised. The fixed assets schedule provided by Management does not include assignee, assets code, current condition and location.
- 1.1.11.8 Going forward, Management should ensure that the fixed assets register contains or have all the components necessary for a fixed asset such as assets code, assignee, current condition, location, life span, depreciation value, amount and date purchased.

APPENDIX

Appendix 1: Unsupported Payments

Date	Vou. #	Check #	Vendors	Remarks	Amount (US\$)
5-Jan-18	1016	0018703	Evergreen Auto Service	Purchase of spare parts to repair Fire Truck assigned at the port of Monrovia	3,250.00
5-Jan-18	1021	00621067	VAX INC	Service rendered to NPA for the month of Dec 2017	5,934.70
5-Mar-18	3027	00200882	GESCO	Items needed for the environmental department Unit	2,550.00
22-Mar-18	3172	00621236	Benedict Teah	Employees without Bank Account Salaries for the month of March 2018	124.28
22-Mar-18	3184	00621249	Barclay B. Dennis	Contractor supplementary payroll for the month of March 2018	3,600.00
2-Apr-18	4006	00621283	GOSHEN LOGISTICS SERVICES, INC.	Service rendered to NPA Management	2,750.00
5-Apr-18	4044	0018778	Christopher Wisner	Advance payment for Housing Allowance for April-June 2018	2,160.00
11-Apr-18	4095	00302309	Ducor Petroleum Inc	2000 gallons for fuel needed for all NPA's generators for March 27-April 4, 2018	6,700.00
11-Apr-18	4101	00302313	Boima kiawu	Purchase of stationery, plastic chairs & plastic Desks	605.00
12-Apr-18	4108	00302320	ACTO	Purchase of Materials	4,852.00
20-Apr-18	4143	0018978	Office Idea	purchase of needed office materials	875.00
24-Apr-18	4169	00621305	Total Liberia	Replenishment of fuel diesel to the port of Buchanan for April 2018	9,712.50
1-May-18	5008	00302336	BALI ISLAND PROJECT	NPA Corporate social responsibility	5,000.00
3-May-18	5055	00621318	Ecobank Liberia limited	Contractors with Ecobank Account salaries for the month of April, 2018	5,040.00
5-Jun-18	6029	00246918	PRO-COMM INC	Payment for service rendered to NPA at the Ports of Buchanan & Greenville	8,820.00
5-Jun-18	6030	00246919	PRO-COMM INC	Payment for service rendered to NPA (LSP Monrovia Port) code 136	9,420.00
28-Jun-18	6184	Transfer	African Training Institute	Payment for two weeks training workshop on property & Finance related June 4-16, 2018 in South Africa	6,500.00
Total					77,893.48