

Management Letter



On the Financial Statement Audit of the Harmonizing and Improving Statistics in West Africa (HISWA) Project

For the Period January 8 to June 30, 2021



Promoting Accountability of Public Resources

**P. Garwsa Jackson Sr., ACCA, CFIP, CFC
Auditor General R. L.**

Monrovia, Liberia
December 2021

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ACRONYMS USED

Acronyms/Abbreviations	Meaning
ACCA	Association of Chartered Certified Accountants
AG	Auditor General
CFC	Chartered Financial Consultant
CFIP	Certified Forensic Investigation Professional
DA	Designated Account
PFM	Project Financial Management Manual
GAC	General Auditing Commission
GOL	Government of Liberia
HISWA	Harmonizing and Improving Statistics in West Africa
IPSA	International Public Sector Accounting framework
INTOSAI	International Organization of Supreme Audit Institutions
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
LISGIS	Liberia Institute of Statistics and Geo-Information Services
PFMU	Public Financial Management Unit
PMT	Project Management Team
POM	Project Operational Manual
PPA	Project Preparation Advance
PIU	Project Implementation Unit (Same as PMT)
SOE	Statement of expenditure
US\$	United States Dollar
WB	World Bank

December 31, 2021

Hon. Francis F. Wreh

Director General

Liberia Institute of Statistics and Geo-Information Services (LISGIS)

Executive Mansion Ground

Capitol Hill, Monrovia, Liberia

Dear Hon. Wreh:

**RE: MANAGEMENT LETTER ON THE FINANCIAL STATEMENT AUDIT OF THE
HARMONIZING AND IMPROVING STATISTICS IN WEST AFRICA (HISWA) PROJECT FOR
THE PERIOD JANUARY 8, To June 30, 2021.**

The financial statement audit of the Harmonizing and Improving Statistics in West Africa (HISWA) Project are subject to audit by the Auditor General in terms of Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Engagement Terms of Reference.

INTRODUCTION

The audit of the HISWA Financial Statement for the period January 8 to June 30, 2021 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of 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.

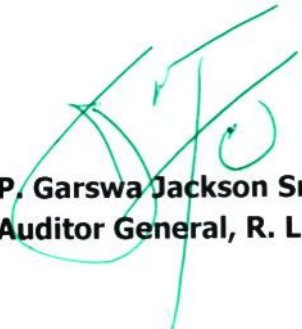
An audit also includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to our attention and are applicable to financial matters.

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 Project Management. 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.

APPRECIATION

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the HISWA Project Implementation Unit (PIU) of the Liberia Institute of Statistics and Geo-Information Services (LISGIS).



**P. Garswa Jackson Sr. ACCA, CFIP, CFC
Auditor General, R. L.**

Monrovia, Liberia
December 2021

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Payments without Supporting Documentation

Observation

- 1.1.1.1 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"
- 1.1.1.2 It was observed during the conduct of the audit that the HISWA Project Management made payments amounting to US\$129,299.00 without evidence of supporting documents such as payment vouchers and invoices to validate the transactions. **See table 1 below for details:**

Table #1 No supporting documentation

N o.	Transacti on Date	Referen ce Date	Description	Analys is Code	Descripti on	Descripti on	Base amount	Journ al #
1	11-Mar-21	2021/00 8B	GISLISGISMAPPING SUPE	124	Census	Other Expenses	5,250.00	204
2	11-Jun-21	2021/10 2	Veh rental-Zenith Multip	124	Census	Consultan t Services	108,793. 80	292
3	02-Mar-21	2021/00 9	Fees fr:Toga MeIntosh	181	Institution al reforms	Consultan t Services	3,600.00	192
4	01-Jun-21	2021/09 4	Insurance: Insura Com Afri	310	Project Managem ent and M&E	Other Expenses	6,615.00	296
5	25-Jun-21	2021/01 14	June 2021Sal: E.T. Delamy	310	Project Managem ent and M&E	Consultan t Services	2,340.00	276
6	25-Jun-21	2021/01 14	June 2021Sal: G.Roberts	310	Project Managem ent and M&E	Consultan t Services	2,700.00	276
	Total						129,299. 00	

Risk

- 1.1.1.3 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments cannot be assured. This may lead to misappropriation of the project's funds.
- 1.1.1.4 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.1.1.5 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

Recommendation

- 1.1.1.6 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.

Management's Response

- 1.1.1.7 *All the aforementioned payments were made with all the requisite supporting documents. In the event where the auditor did not see a supporting document, it was either as a result of an inadvertant omission during the compilation of these documents for submission to auditor by our support staff or oversight by the auditor who received them but included them in the Management letter (See Exhibit 2a attached: Payment Vouchers Omitted). That is, amongst the six (6) documents listed as not having supporting documents, three (3) were previously received by the auditor; however, we are resubmitting them for the Auditor's reference. (See Exhibit 2b attached: Payment Vouchers Received by the Auditor)*

Auditor's General Positon

- 1.1.1.8 Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.1.9 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner. Management should also ensure that vouchers are adequately documented and filed to facilitate future review.

1.2 Project Governance Structure

Observation

- 1.2.1.1 Section 4.6.1 Revise Procedure Manual states "The PSC will be the policy and oversight body of the Project and will be the central coordinating committee on the project with the Bank. The Project Steering Committee (PSC) will be composed by one representative from the participating institutions of the NSS, UL and the PMT. This committee will be chaired by the Director General of LISGIS. The representatives will be the focal points, unless the Beneficiaries decide otherwise as the Project evolves, in agreement with the Bank.
- 1.2.1.2 The Project Steering Committee will be responsible for the following activities:
- i) Approval of the annual work plans and budget to be carried on by LISGIS under the Project for each calendar year;
 - i. Advise policy direction and oversight on the Project and will be the central coordinating committee on the Project with the Bank;
 - ii. Review the Project overall results and progress achieved, and take actions to improve the benefits from the project to the beneficiaries;
 - iii. Decide on the overall priorities of the Project in accordance with the project documents program documents, World Bank financing agreement, operational manual and other legal documents;

- iv. Facilitation of the communication and access between LISGIS and the Beneficiaries; and vi) Review of the Project Reports.

1.2.1.3 The Project Steering Committee will be meeting bi-annually, and it will be chaired by the Director General of LISGIS in collaboration with the project coordinator”.

1.2.1.4 During the period under audit, there was no evidence that the Steering Committee was functional as a policy making and oversight body of the HISWA. We obtained no evidence of the following:

- Meeting minutes of the Committee.
- Steering Committee approval for major decisions taken by HISWA Management
- Steering Committee deliberation on any matter involving the HIWSA.

Risk

1.2.1.5 The absence of a Steering Committee Meeting minutes/activities reports may cast doubt over the strategic oversight activities of the committee.

Recommendation

1.2.1.6 The Management of the HISWA should conduct periodic meetings of the Steering Committee to ensure that the functions and objectives of committee are achieved.

1.2.1.7 Minutes of meetings and strategic activities of the committee should be clearly documented and filed to facilitate future review.

Management’s Response

1.2.1.8 *While it is true that LISGIS Management note the audit observations and recommendations on the conduct of periodic meeting of the Project Steering Committee (PSC). To ensure the function and objectives of the committee, it is important to note that as required LISGIS management submitted in June of 2021, a concept note for the conduct of the PSC activity for the World Bank clearance and no objection. LISGIS Management received clearance to conduct this activity in September of 2021. Prior to the implementation PSC and to further support its conduct, LISGIS management in its Board’s meeting of April 14, 2021 made a progress report presentation to the Board members most of whom are also known to be members of the PSC. (See Exhibit 3 attached: Board’s meeting minutes, presentation, concept note and No objection)*

Auditor General’s Position

1.2.1.9 Management did not submit the board minutes as asserted in its response. It is important to note that Management’s provision of documents after our review, does not guarantee Management effective control of document management.

1.2.1.10 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner. Further, Board minutes should be adequately documented and filed to facilitate future review.

1.3 Irregularities in Asset Management

Observation

1.3.1.1 Regulation V.4 of the PFM Regulation of 2009 states" (1) Furniture, and equipment issued for Government quarters or offices or vehicle and other fixed asset shall be brought on a master inventory of the Government Agency. (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. (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. (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. (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.

1.3.1.2 During the conduct of the audit, we observed the following irregularities associated with the fixed assets management system:

- Some assets in the fixed Assets register were not seen.
- Some of the assets were not coded.
- The location of some assets in the fixed assets register were not consistent when verified.
- There was no evidence of periodic physical verification
- The listings of assets within a given facility were also not display.
- Some assets procured during the audited period were unassigned for a protracted period. **See Annexure 1 Table 2,3,4,5 below for details:**

Risk

1.3.1.3 Assets may be missing, damaged, but their values are still on the books.

1.3.1.4 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or subjected to theft

1.3.1.5 Assets may be impaired without been placed in to active use.

Recommendation

- 1.3.1.6 Management should expedite the following to facilitate effective fixed assets management:
- Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the project assets.
 - Records of physical verification exercises should be adequately documented and filed to facilitate future review.
 - The Fixed Assets Register should be updated periodically to reflect all entity's assets.

- Fixed assets within a particular vicinity should be clearly displayed as required by the PFM.
- Fixed assets procured for project operations should be assigned/distributed in a timely manner.
- Management should account for fixed assets that were not verified during the physical inspection of the project assets.

Managements' Response

1.3.1.7 *LISGIS Management note the audit observations on the project Asset Management and has instituted a bi-code label for all LISGIS project Assets. Management also consider the improvement and systematic procedure for transfer and relocation of assigned asset to another staff. We recognized that the procedure of asset transfers and or relocation was not taken into consideration. However, it is important to reference that those unassigned assets for a protracted period have been delayed due to the final training of the administrative data workshop which was held December 24, 2021. There after the various assets (15 Lenovo Laptop computers) distribution across the various statistical producing Ministries, Agencies and Commissions (MACs) for use of Administrative Data production will be done. (See Exhibit 4 attached: Administrative Data Workshop report I and II, Bi-code label of LISGIS asset and evidence of assets not seen "Toyota Land Cruiser JTERB71J10F0 10899 LISGIS/WB-HISWA-MV-027)*

Auditor Generals' Position

- 1.3.1.8 We acknowledged management acceptance of our findings and recommendation. We will make a follow up during subsequent audit.
- 1.3.1.9 However, Management's provision of assets after physical verification period does not guarantee Management effective control of the assets, especially where the location of the asset is unknown during the verification period (as in the case of submission of a picture of the Toyota Crusier after the audit period). Going forward, all movement of assets should be authorized and/or updated in the asset register.

1.4 Supervision & Monitoring

Observation

- 1.4.1.1 Regulation A.15 (1) of the PFM Act of 2009 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks.
- 1.4.1.2 It was observed during the conduct of the audit that the operations of HISWA field Mappers appear not to be regularly monitored. The following abnormalities were noted:
- Field mappers coordination, location and communication could not be ascertained

- Mapping Staff were reassigned without Management adequately updating the field roster
- Drivers were reassigned without Management regularly updating the field roster.

Risk

- 1.4.1.3 Management may make payments to contractors for work not performed, completed or for deliverable (s) that did not meet the required standards.

Recommendation

- 1.4.1.4 Management should ensure that a comprehensive monitoring and evaluation reporting structure is established for all County Coordinators to guarantee value for money before payment for services are made.

- 1.4.1.5 County field rosters should be periodically updated to reflect current assignments of employees and contractors.

Management's Response

- 1.4.1.6 *LISGIS Management notes the audit observations and recommendations on field mappers coordination, location, and communication, reassignment without adequately updating of the field roster. However, as a risk mitigation strategy and to ensure value for money, effective control of deliverables in the implementation of the census, it is important to reference that there were periodic comprehensive monitoring and evaluation activities and reports during the implementation of the National Population and Housing Census (NPHC 2022) activity. (See See Exhibit 5 attached: NPHC Monitoring and evaluation reports)*

Auditor General's Position

- 1.4.1.7 Management did not submit the periodic comprehensive monitoring and evaluation activities and reports as asserted in its response. It is important to note that Management's provision of documents after our review, does not guarantee Management effective control of document management.

- 1.4.1.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner. Further, Monitoring and evaluation reports should be adequately documented and filed to facilitate future review.

ANNEXURE

Annexure 1: Assets Not Seen

FAR Information									
No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost	Condition
1	Toyota Land Cruiser	23-Jun-21	JTERB71J10F010899	LISGIS/WB-HISWA-MV-027	NHPC Supervisor / Ralph W. Jallawide	Sleh B. Wreh / NHPC Driver	1	40,646.77	

Annexure 2: Assets not in Location and not with assignee as per FAR

No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost	Condition	Location & Assignee Per Physical Verification
1	Toyota Furtune Jeep	03-Mar-21	AHFDX8FS4L0107646	LISGIS/WB-HISWA-MV-03	DG Office	Francis Wreh Director General	1	40,000.00	Good	LISGIS/WB-HISWA-MV-03 is not in the location and is not with the assignee as per FAR but it was seen with the Deputy of Administration
2	Toyota Hilux Pick-Up	19-Aug-21	AHTKK8CD000682364	LISGIS/WB-HISWA-MV-05	Procurment Unit	Gbilly Roberts / Procurment Specialist	1	36,500.00	Good	LISGIS/WB-HISWA-MV-05 is not in the location and is not with the assignee as per FAR but it was seen with the Deputy Director General for

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No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/Cost	Condition	Location & Assignee Per Physical Verification
										Statistics & Data Processing
3	Toyota Land Cruiser	23-Jun-21	JTERB71J00F010943	LISGIS/WB-HISWA-MV-008	NHPC Supervisor Paxton D. Miamen	Andrew Z. Johnson / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-008 is not with the assignee as per FAR but it was seen with Team 33 Supervisor Paxton D. Miamen and Sekou Kromah
4	Toyota Land Cruiser	23-Jun-21	JTERB71J10F011020	LISGIS/WB-HISWA-MV-014	NHPC Supervisor / Isaac M. Doles	Prince F. Porkpah / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-014 is not in location as per FAR but it was seen with Team 21 Supervisor Stephen Quoi and Prince E. Porkpah an assignee
5	Toyota Land Cruiser	23-Jun-21	JTERB71J10F010949	LISGIS/WB-HISWA-MV-022	NHPC Supervisor / Habib A. David	J. Garpu Jones / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-022 is not in location and is not with the assignee as per FAR but it was seen with Team 01 Supervisor Simeon S. Willie and Boima Morris as Driver



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No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/Cost	Condition	Location & Assignee Per Physical Verification
52	Toyota Land Cruiser	23-Jun-21	JTERB71J00F010926	LISGIS/WB-HISWA-MV-025	NHPC Supervisor / S Yarlor Sayon	Sekou Kromah / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-025 is not in location and is not with the assignee as per FAR but it was seen with Team 27 Supervisor T. Yvette Sanyon
5	Toyota Land Cruiser	23-Jun-21	JTERB71JX0F011016	LISGIS/WB-HISWA-MV-009	NHPC Supervisor / Simeon S. Willie	Boima Morris / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-009 is not in location and is not with the assignee as per FAR but it was seen with Team 9 Supervisor Habib Austin David
6	Toyota Land Cruiser	23-Jun-21	JTERB71JX0F010920	LISGIS/WB-HISWA-MV-021	NHPC Supervisor / Chris Y. Robert	Daniel K. Musa Jr. / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-021 is not with the assignee as per FAR but it was seen with Team 26 Supervisor Chris Yekeh Roberts and Alexander P. Davis as Driver
7	Toyota Land Cruiser	23-Jun-21	JTERB71J30F010970	LISGIS/WB-HISWA-MV-032	NHPC Supervisor / Matthew L. Togba	Lassana Kamara / NHPC Driver	1	40,646.77	Good	LISGIS/WB-HISWA-MV-032 is not in location and is not with the assignee as per FAR but it was seen with Team 32 Supervisor Emmanuel

No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost	Condition	Location & Assignee Per Physical Verification
										Kay and Boima B. Fahnbulleh as Driver

Annexure 3: Laptops not assigned

No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost
1	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHVF	LISGIS/WB-HISWA-EQI-28	Store room	Warehouse	1	1,550.00
2	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHSV	LISGIS/WB-HISWA-EQI-29	Store room	Warehouse	1	1,550.00
3	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFJ6L	LISGIS/WB-HISWA-EQI-30	Store room	Warehouse	1	1,550.00
4	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFJ3T	LISGIS/WB-HISWA-EQI-31	Store room	Warehouse	1	1,550.00
5	LENOVO Thinkbook 17/16Gb/1TB/15.6	07-Jun-21	S/N LROEFHXM	LISGIS/WB-HISWA-EQI-32	Store room	Warehouse	1	1,550.00

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No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost
	WIN 10 PRO							
6	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHTX	LISGIS/WB-HISWA-EQI-33	Store room	Warehouse	1	1,550.00
7	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFJ8C	LISGIS/WB-HISWA-EQI-34	Store room	Warehouse	1	1,550.00
8	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHZZ	LISGIS/WB-HISWA-EQI-35	Store room	Warehouse	1	1,550.00
9	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFJ8A	LISGIS/WB-HISWA-EQI-36	Store room	Warehouse	1	1,550.00
10	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFJ7L	LISGIS/WB-HISWA-EQI-37	Store room	Warehouse	1	1,550.00
11	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHYO	LISGIS/WB-HISWA-EQI-38	Store room	Warehouse	1	1,550.00
12	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHVV	LISGIS/WB-HISWA-EQI-39	Store room	Warehouse	1	1,550.00
13	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHXC	LISGIS/WB-HISWA-EQI-40	Store room	Warehouse	1	1,550.00

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No.	Name of asset/Description	Date Acquired/Disposition	Serial Number/ Tag number (where applicable)	Assets Code	Location	Name of Assignee	Quantity	Value/ Cost
14	LENOVO Thinkbook 17/16Gb/1TB/15.6 WIN 10 PRO	07-Jun-21	S/N LROEFHSY	LISGIS/WB-HISWA-EQI-41	Store room	Warehouse	1	1,550.00

