



Management Letter

On the Financial Statement Audit of the Health System Strengthening Project (HSSP)/Additional Financing (AF)

For the Period July 1, 2020 to June 30, 2021



Promoting Accountability of Public Resources

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

Monrovia, Liberia
December 2021

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS.....	6
1.1	Financial Issues	6
1.1.1	Third Party Payments made to employees	6
1.1.2	Un-authorized Payment Vouchers.....	8
1.1.3	Variance between fuel procured and quantity distributed	9
1.1.4	Irregularities associated with bank reconciliations	10
1.1.5	Irregularities Associated with Fuel Consumption.....	12
1.1.6	Third Party Payment	15
1.1.7	Inadequate liquidation report.....	16
1.1.8	No evidence of electronic cash book.....	17
1.1.9	Outstanding transactions without dates and numbers	18
1.1.10	No evidence of electronic cash book.....	20
1.1.11	Payment without authorization	21
1.1.12	Unapproved Business Plan	21
1.1.13	Procurement without evidence of delivery.....	22
1.1.14	Meeting Minutes and attendance listing	23
1.1.15	Unauthorized Payment Vouchers.....	24
1.1.16	Variance without liquidation report	25
1.1.17	Procurement without delivery note	26
1.1.18	Irregularities noted with Project Assets.....	27
1.1.19	Payments without liquidation report	28
1.1.20	Delayed Incentive Payments - PBF	29
2	STATUS OF PRIOR YEAR (2019/2020) RECOMMENDATIONS.....	31

Acronyms

Acronyms/Abbreviations/Symbol	Meaning
AF	Additional Financing
ACCA	Association of Chartered Certified Accountant
AFP	Audit Focal Person
AG	Auditor General
CBO	Community Based Organizations
CFC	Certified Financial Consultant
CFE	Certified Fraud Examiner
CFIP	Certified Forensic Investigative Professional
CPA	Certified Public Accountant
DMA	Deputy Minister for Administration
DMHS	Deputy Minister for Health Services
Dr.	Doctor
DSA	Daily Substance Allowance
EOC	Emergency Operation Center
EVD	Ebola's Virus Disease
F/S	Financial Statements
GCHT	Gbarpolu County Health Team
GoL	Government of Liberia
HSSP	Health Systems Strengthening Project
IFR	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LMDC	Liberia Medical and Dental Council
MOH	Ministry of Health
No.	Number
OFM	Office of Financial Management
PBF	Performance Based Financing
PCO	Project Coordination Office
PTC	Project Technical Committee
PFM	Public Financial Management
PIM	Project Implementation Manual
PPC	Public Procurement & Concessions
QPR	Quarterly Progress Report
RL	Republic of Liberia
SOE	Statement of Expenditures
TA	Technical Assistance
ToR	Term of Reference
UNOPS	United Nations Office for Project Services
USD/US\$	United States Dollars

December 31, 2021

Dr. Wilhelmina Jallah Minster
Ministry of Health Congo Town
Paynesville City, Liberia

Dear Dr. Jallah:

Re: Management Letter on the Financial Statement Audit of the Health System Strengthening Project (HSSP)/Additional Financing (AF) for the fiscal Period ended June 30, 2021.

The Financial Statements of the **Health System Strengthening Project (HSSP)/Additional Financing (AF)** for the fiscal period ended June 30, 2021 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under section 2.1.3 of the GAC Act of 2014 and the Audit Engagement Term of Reference.

INTRODUCTION

The audit of the Health System Strengthening Project (HSSP)/Additional Financing (AF) financial statements for the fiscal period ended 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.

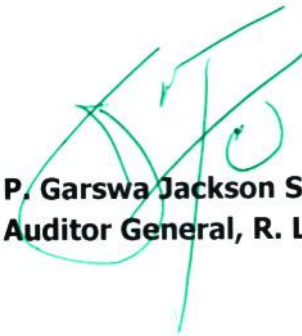
The matters mentioned in this letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/or weaknesses that were not identified.

*Management letter on the Financial Statement Audit of the
Health System Strengthening Project (HSSP)/Additional Financing (AF)
For the fiscal period ended June 30, 2021*

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.

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staffers of the Health System Strengthening Project (HSSP)/Additional Financing (AF) during the audit.



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

Monrovia, Liberia
December 2021

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

Gbarpolu County Health Team

1.1.1 Third Party Payments made to employees

Observation

- 1.1.1.1 Regulations B.28 of the PFM Act of 2009 states "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".
- 1.1.1.2 During the conduct of the audit, it was observed that the Management of the Gbarpolu County Health Team made several payments totaling US\$19,236.00 in the name of employees of the GCHT rather than the vendors, service providers or direct beneficiaries (their legally authorized representatives). **See table 1 below for details:**

Table 1: Third Party Payments made to employees

Date	Employees	Description	Amount US\$
5-Jul-20	Layee Konneh	pmt for CHPF communication and internet April-May ,2020	200.00
5-Jul-20	Layee Konneh	Pmt for Gasoline support CHSS 23 Persons from April-May	1,702.00
5-Jul-20	Layee Konneh	Payment for CHFP monthly gasoline support from April-May	111.00
5-Jul-20	Layee Konneh	Pmt for CHSS motorcycle maintenance twenty - three persons April-March	1,610.00
5-Jul-20	Layee Konneh	Pmt for quarterly repair of CHFP Motor cycle 1 person from April-March	200.00
13-Aug-20	Layee Konneh	Pmt to conduct Reproductive Health plan	700.00
13-Aug-20	Layee Konneh	Pmt for conduct M&E Date Training in the county	810.00
13-Aug-20	Layee Konneh	payment mentor ship for the maternal Death	720.00
13-Aug-20	Layee Konneh	payment for JISS Feedback meeting quarter 4 from Oct-Dec,2019	150.00
13-Aug-20	Layee Konneh	Pmt for transp. Reimbursement for M&E training	270.00
11-Sep-20	Layee Konneh	Transp. reimbursement for hosting dialogue quarterly meeting	120.00
9-Dec-20	Layee Konneh	Pmt to conduct mentorship for RH services	720.00
9-Dec-20	Layee Konneh	Pmt to conduct reproductive health platform coordination meetings	700.00
17-Feb-21	Layee Konneh	Pmt to conduct health facilities performance review meeting	1,500.00
17-Feb-21	Layee Konneh	payment to conduct health facilities performance review meeting	1,565.00
20-Apr-21	Layee Konneh	pmt for painting of CHD building and replacement	250.00

		of nine damage windows	
20-Apr-21	Layee Konneh	Transportation reimbursement payment for PBF financial management training	1,400.00
	Sub total		12,728.00
Date	Employees	Description	Amount US\$
6-Jan-21	David Flomo	Pmt for the Renovation of Community Health Department	373.00
25-Jan-21	David K Flomo	payment to conduct reproductive health platform coordination meetings	700.00
25-Jan-21	David K Flomo	payment to conduct mentorship for RH services providers	720.00
8-Apr-21	David K Flomo	Payment for JISS supervision	1,500.00
8-Apr-21	David K Flomo	Payment for post JISS meeting	150.00
19-May-21	David K Flomo	Pmt to transport participants and hall rental for review meeting	1,500.00
19-May-21	David K Flomo	Pmt to transport participants and hall rental for review meeting	1,565.00
	Sub total		6,508.00
	Grand total		19,236.00

Risk

- 1.1.1.3 Paying cash to employee for subsequent disbursement to vendors or service providers may facilitate misappropriation of project funds.

Recommendation

- 1.1.1.4 The Management of the GCHT should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act of 2009.
- 1.1.1.5 All payments for goods and services procured by the GCHT should be made directly to the vendor or its legally authorized representative as required by the PFM Act of 2009.

Management's Response

- 1.1.1.6 *The management notes the audit Findings and recommendation. The Management of the Gbarpolu County Health Team wants to register here that all procurement activities are carried out as per the PPCC Act as well as per the MOH Procurement Standard Operating Procedure (SOP).*
- 1.1.1.7 *Gbarpolu County Health Team Management also wants to register here that there is no bank in the county including the closest county which is Bomi. Most of these payments are associated with activities that took place in remote districts and towns. Additionally, participants for activities that are held at the CHT such as meetings and workshops are from remote/hard to reach health facilities. As such, it is difficult for them to always travel to Monrovia to cash checks and in most instances, the transportation cost is more than the amount for each participant. Others are associated with local vendors refusing*

to accept checks with smaller amounts on grounds that it will be costly for them to get to Monrovia for encashment or deposit. To avoid delay in the implementation of activities, management had to write the check in the name of the junior accountant who then traveled to Monrovia for the cash. However, the management will try as much as possible to reduce third party payment amid these challenges.

Auditor General's Position

1.1.1.8 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit. However, the CHT of Gbarpolu should ensure that all procurements activities are unconditionally adhered to in line with the PPCC Act as well as per the MoH Procurement Standard Operating Procedure (SOP).

1.1.2 Un-authorized Payment Vouchers

Observation

1.1.2.1 Regulation P. 13(2) of the PFM Act of 2009 states "the original payment voucher or certificates shall be signed and the officer shall ensure that legible copies of the signature are on each of the vouchers."

1.1.2.2 During the conduct of the audit, it was observed that the Management of the GCHT made several payments totaling US\$2,052 without the signature of the County Health Officer (CHO) or Designee. **See Table 2 below for details.**

Table 2: Payment vouchers processed without evidence of approval

Date	PV#	Description	Payee	Amount US\$
2/7/2021	00018	Air Condition for CHD Conference room	Layee Konneh	350.00
5/7/2020	0009	Gasoline support to CHSS	Layee Konneh	1,702.00
Total				2,052.00

Risk

1.1.2.3 Unauthorized transactions may facilitate fraudulent financial practices.

Recommendation

1.1.2.4 The Management of the GCHT should ensure that all payment vouchers are approved by the relevant authority.

Management's Response

1.1.2.5 *Management acknowledges the audit recommendation and wishes to clarify that it is not its intention to engage in noncompliance with statutory regulations as well as the MOH Financial Management Policy and Procedure Manual. Management had always endeavored in ensuring that financial instruments are approved by the appropriate authorities or designees, evidence by the approval of all payment checks, purchase*

orders and requests. However, your observation has been duly corrected and filed by relevant staff. Kindly see hard copy of said documents.

Auditor General’s Position

- 1.1.2.6 We acknowledge Management’s acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.2.7 However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.2.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.3 Variance between fuel procured and quantity distributed

Observation

- 1.1.3.1 Regulations A.3 of the Public Financial Management (PFM) Act of 2009 states" any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister”.
- 1.1.3.2 During the conduct of the audit, it was observed that the Management of the GCHT made a payment in the amount of US\$999 for two hundred and seventy (270) gallons of fuel and reported two hundred and fifty-five (255) gallons as quantity distributed, thereby resulting in an unexplained variance of 15 gallons of fuel. **See table 3 below for details.**

Table 3: Variance between fuel procured and quantity distributed

Date	CK#	QTY Procured. (A)	QTY Dist. (B)	Variance C=(A-B)
3/3/ 21	1295904	270 gallons	255 gallons	15 gallons

Risk

- 1.1.3.3 In the absence of a report on the unexplained variance of fuel, the authenticity of the fuel consumption could not be assured.



Recommendation

- 1.1.3.4 The Management of the GCHT should provide justification for the variance noted between the quantity of fuel purchased and quantity distributed.
- 1.1.3.5 Management of the GCHT should ensure that fuel distribution is consistent with the quantity allocated as per the fuel policy.

Management's Response

- 1.1.3.6 *Management acknowledges the audit recommendation and wishes to clarify that the 270 gallons of fuel mentioned was fully liquidated. The variance of 15 gallons considered not liquidated was inadvertently left out during the presentation of the documents; but has since been found, added to the other documents, and placed on file. Please see attached copy of fuel log.*

Auditor General's Position

- 1.1.3.7 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.3.8 However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.3.9 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.4 Irregularities associated with bank reconciliations

Observation

- 1.1.4.1 Section II R3 (6) of the Public Finance Management Regulation of 2009 requires that the balance of every bank account as shown in a bank statement be reconciled with the corresponding cash book 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 Additionally, COSO Internal Control Framework on Internal Control requires that organizations put in place Control activities that will help the entity achieve its objectives and spell out the necessary actions taken to address risks affecting such achievement. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.
- 1.1.4.3 During the conduct of the audit, it was observed that the following irregularities were associated with the preparation of monthly bank reconciliations at various hospitals and county health teams. **Please see table 4 below for details.**

Table 4: Irregularities associated with bank reconciliations

No.	Facilities	Counties	Discrepancies
1.	Chief Jallah Lone Hospital	Gbarpolu	Bank reconciliations prepared by the Accountant of the Chief Jallah Lone Hospital for the months of October through December 2020 were not signed by the preparer.
2.	C.B. Dunbar Hospital	Bong County	Bank reconciliation statements prepared by the Management of the C.B. Dunbar Hospital for the fiscal period under audit have no evidence of reviewer and dates of preparation.
3.	Phebe Hospital	Bong County	During the conduct of the audit, it was observed that the bank reconciliation statements prepared by the Management of the Phebe Hospital for the month of July, August September 2020 and March April, May and June 2021 have no evidence of dates of preparation.
4.	ST. Francis Hospital	Rivercess	During the conduct of the audit, it was observed that the bank reconciliation statements prepared by the Management of the ST. Francis Hospital for the period under review have no preparation dates.
5.	Rivercess County Health Team	Rivercess	During the conduct of the audit, it was observed that the RCHT did not prepare monthly bank reconciliation for the period under audit.
	Grand Cape Mount Health Team	Grand Cape Mount	During the conduct of the audit, it was observed that the Management of the Grand Cape Mount County Health Team did not prepare regular bank reconciliation for the period under audit.

Risk

- 1.1.4.4 The lack of signature of the person responsible for the preparation and approval of the bank reconciliation statement could make it difficult to determine their level of experience and seniority of the preparer and approver.
- 1.1.4.5 In the absence of the signature and name of the preparer, segregation of duties may not be assured.
- 1.1.4.6 The absence of date on the bank reconciliation statement, may cast doubt on the timely preparation.
- 1.1.4.7 Failure to prepared timely bank reconciliation could lead to the non-detection of errors and omissions.

Recommendation

- 1.1.4.8 The Management should ensure that bank reconciliations are prepared monthly. The name and the signature of the preparer and reviewer as well as the dates for preparation and review should be included on the bank reconciliation statements.
- 1.1.4.9 The Management of the RCHT should provide reason for not preparing regular bank reconciliation during the period under audit.



- 1.1.4.10 The Management of the Grand Cape Mount CHT should provide reason for not preparing regular bank reconciliation during the period under audit.

Management’s Response

- 1.1.4.11 Management notes your observation and will ensure implementation of the audit recommendation for various CHTs and hospitals going forward.

Auditor General’s Position

- 1.1.4.12 We acknowledge Management’s acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.5 Irregularities Associated with Fuel Consumption

Observation

- 1.1.5.1 Regulations A.3 of the Public Financial Management (PFM) Act of 2009 states" any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister".

- 1.1.5.2 During the conduct of the audit, it was observed that the following irregularities were associated with the consumption of fuel at various hospitals and county health teams.
Please see table 5 below for details.

Table 5: Irregularities Associated with fuel consumption

No	Facilities	Counties	Discrepancies
1	Chief Jallah Lone Hospital	Gbarpolu	The Management of the Chief Jallah Lone Hospital purchased US\$7,510 value of fuel without evidence of consumption report or replenishment log. See table 6 below for details
2	C.B. Dunbar Hospital	Bong County	The Management of the C.B. Dunbar Hospital purchased four thousand three hundred and sixty-nine (4,369) gallons of fuel value US\$17,250 for the hospital use without evidence of consumption report or replenishment log. See table 7 below for details
3	Phebe Hospital	Bong County	The Management of the Phebe Hospital procured three thousand (3,000) gallons of fuel value US\$13,920 without evidence of consumption report or replenishment log. See table 8 below for details
4	Sinoe County Health Team	Sinoe	The Management of the Sinoe County Health Team made the total payment of US\$6,800 for fuel without evidence of consumption report or replenishment log. See table 9 below for details



No	Facilities	Counties	Discrepancies
5	ST. Francis Hospital	Rivercess	the Management of the ST. Francis Hospital made several payments in the total amount of US\$9,628 for fuel for the hospital operations without evidence of consumption report or replenishment log. See table 10 below for details

Table 6: Fuel procured without distribution report or log (Chief Jallah Lone Hospital)

Date	PV#	Description	Payee	Check #	Amount US\$
4/3/2021	04547	Payment for generator fuel	Rural Grass Root Business Center	01346309	1,330.00
4/6/2021	08264	Payment for generator fuel	Rural Grass Root Business Center	01346327	1,400.00
4/6/2021	08265	Payment for vehicles fuel	Rural Grass Root Business Center	01345328	600.00
4/3/2021	04550	Payment for ambulances fuel	Rural Grass Root Business Center	01346312	570.00
9/12/2020	04525	Payment for generator fuel	Rural Grass Root Business Center	04525	1,330.00
9/12/2020	04526	Payment for ambulances fuel	Rural Grass Root Business Center	04526	570.00
7/9/2020	23450	Payment for generator fuel	Emmanuel Flomo	23450	1,710.00
Total					7,510.00

Table 7: Fuel procured without distribution report or Log (C.B. Dunbar Hospital)

Date	PV#	Description	Payee	Qty	Amount US\$
12/12/2020	94149	Payment for fuel for the hospital (C.B. Dunbar)	Iron Gate Enterprises	1,090	4,250.00
16/9/2020	94129	Payment for fuel for the hospital (C.B. Dunbar)	Iron Gate Enterprises	1,154	4,500.00
7/6/2021	94220	Payment for fuel for the hospital (C.B. Dunbar)	Iron Gate Enterprises	1,125	4,500.00
3/3/2021	94174	Part payment made for fuel supplied on account	Iron Gate Enterprises	1,000	4,000.00
Total				4,369	17,250.00

Table 8: Fuel procured without consumption report or Log (Phebe Hospital)

Date	PV#	Description	Payee	Qty	Amount US\$
23/3/21	026	Payment for fuel	Aminita & Sons	3,000 gallons	13,920.00

Table 9: Fuel purchased without consumption report or Log

#	Description	Payee	Check #	Amount US\$
1.	Fuel for PBF activities	William Johnson Filling	0146314	1,200.00
2.	Gasoline for PBF Activities	William Johnson Filling	0146307	1,400.00

3.	Fuel for vehicle	William Johnson Filling	146291	400.00
4.	Comm. cards and internet services	Favor Marketing Inc.	014635	500.00
5.	Fuel for PBF activities	William Johnson Filling	0146348	1,700.00
6.	Gasoline for PBF Activities	William Johnson Filling	146330	1,000.00
7.	Gasoline for PBF Activities	William Johnson Filling	0146332	600.00
Total				6,800.00

Table 10: Fuel purchased without consumption log (ST. Francis Hospital)

Date	PV#	Description	Payee	Amount US\$
13/06/2021	29703	Payment for fuel	Express Filling Station Inc.	2,050.00
9/3/2021	04635	Payment for fuel oil	Express Filling Station	2,590.00
18/12/2020	04629	Payment for fuel oil	Express filling station	1,750.00
19/11/2020	04627	Payment for fuel	Express Filling Station	200.00
31/10/2020	04626	Payment for fuel oil	Express Filling Station	460.00
16/09/2020	04614	Payment for fuel oil	Express Filling Station	1,840.00
03/09/2020	04604	Payment for fuel oil	Mama & Son Holding	738.00
Total				9,628.00

Risk

- 1.1.5.3 Fuel procured may not be based on an actual consumption.
- 1.1.5.4 The Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.

Recommendation

- 1.1.5.5 The Management should maintain a fuel consumption and distribution log to help the entity manage cost and inform future purchase.

Management's Response

- 1.1.5.6 *The Management of Chief Jallah Lone Hospital notes the audit findings. Management has put a system in place to ensure that all fuel purchases and distributions will be logged and copies attached to document for verification going forward.*
- 1.1.5.7 *The management of C.B. Dunbar Hospital notes the audit observation and will put system in place to ensure that all fuel purchase and distributed will be logged and copy attached for verification going forward.*
- 1.1.5.8 *The management of Phebe Hospital acknowledges your findings. Please note that there is a ledger book that management used to record all fuel transactions for the hospital and the 3,000 gallons of fuel mentioned are no exception. When the fuel is purchased, it placed in a storage tank where we use the pump to supply. Pre-numbered fuel issuance slips are used to issue fuel for generators, vehicles, tractor, and fuel for burning of certain special waste materials. Before the fuel is issued out, the pre-*

numbered fuel slips will be filled out with the quantity and purpose for which it is needed and approved by the Business Office of the hospital and are recorded in the ledger book. Please see attached copies of the pre-numbered slips and ledger book sheet.

1.1.5.9 The Management of Sinoe County Health Team notes your findings. Please note that fuel consumption log and other inventory records are kept by the logistician and warehouse manager. During the conduct of the audit, the logistician was not available to present the fuel log for review. The log has been made available with copy attached for your review.

1.1.5.10 The Management of St. Francis Hospital acknowledges your findings. Management has put a system in place to ensure that all fuel purchase and distributed will be logged and copy attached to document for verification going forward.

Auditor General's Position

1.1.5.11 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.5.12 However, the evidence provided by management in response to the Draft Management Letter appeared inadequate. A review of the fuel log shows that management accounted for 819 gallons. Thereby leaving a difference of 2,181 gallons of fuel to be accounted by management.

1.1.5.13 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.6 Third Party Payment

Observation

1.1.6.1 Regulation B.28 of the Public Finance Management (PFM) Act of 2009 states "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

1.1.6.2 Doing the conduct of the audit, it was observed that the Management of the Chief Jallah Lone Hospital made a payment in the amount of US\$1,710 in the name of an individual rather than the business or service provider. **See table 11 below for details**

Table 11: Third Party Payment

Date	PV#	Description	Payee	Check #	Amt. US\$
7/9/2020	23450	Pmt. For generator fuel	Emmanuel Flomo	23450	1,710.00
Total					1,710.00

Risk

- 1.1.6.3 Paying cash to employee for subsequent disbursement to vendor(s) or service provider(s) may facilitate misappropriation of project funds.

Recommendation

- 1.1.6.4 The Management should initiate and complete all procurement processes as required by the PPCC and the Public Financial Management Act of 2009.
- 1.1.6.5 All payments for goods and services procured by the project should be made directly to the vendor or its legally authorized representative as required by the PFM Act of 2009.

Management's Response

- 1.1.6.6 *The Management of Chief Jallah Lone Hospital notes the audit finding. The payment is associated with the local vendor who was refusing to accept check to be issued in the business name on grounds that his business has no separate bank account. That it would be costly for him as the bank may take monthly charges especially that there is no bank in the county. The vendor was the only lone supplier with fuel in the county. To avoid the hospital being out of power given the emergency need of fuel at the time, management had to write the check in the name of the business owner (Emmanuel Flomo) instead of the business name. However, the management will try as much as possible to avoid such transactions going forward amid these challenges.*

Auditor General's Position

- 1.1.6.7 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.6.8 However, the Management of the Chief Jallah Lone Hospital should ensure that all procurements activities are unconditionally adhered to in line with the PPCC Act as well as per the MoH Procurement Standard Operating Procedure (SOP).

C.B. Dunbar Hospital

1.1.7 Inadequate liquidation report

Observation

- 1.1.7.1 Section 2.14 of the MoH Financial Policies and Procedures Manual indicates that Donor funds transferred to programs, CHTs, hospitals, or any other MoH-sponsored institutions, shall be accounted for as an advance disbursed. On consolidation of financial reports from programs, CHTs, hospitals, or any other MoH-sponsored institutions, expenditures incurred by the programs, shall be offset against the advances received by these programs/institutions. MoH's "advances disbursed" accounts shall be cleared as institutions report their expenditures against the advances they received.

- 1.1.7.2 During the conduct of the audit, it was observed that the total disbursement of US\$16,582 was made for PBF Incentive. However, the amount recorded on the listing provided as evidence of receipt by the beneficiaries amounted to US\$16,178 thereby resulting to a variance of US\$404 without liquidation report. **See table 12 below for details:**

Table 12: Variance without liquidation report

Date	PV#	Description	Payee	Amt. Disbursed US\$ (A)	Amt. Paid to beneficiaries (B)	Variance C=(A-B)
9/9/2020	94114	Staff bonus (PBF)	Cross S. Hayes	16,582	16,178	404
Total						404

Risk

- 1.1.7.3 Failure to prepare adequate liquidation report could lead to mismanagement of project funds.

Recommendation

- 1.1.7.4 The Management should ensure that the retirement of operational funds is supported by adequate liquidation report.
- 1.1.7.5 Management should facilitate periodic review of liquidation report to ensure that funds disbursed to Hospital are adequately accounted for.

Management's Response

- 1.1.7.6 *Management acknowledges the audit recommendation and wishes to clarify that the amount mentioned was fully liquidated. The documentation for the variance of US\$404.00 was inadvertently left out during the presentation of the documents to the auditor; but has since been found and attached to the source document. Please see attached copy for verification.*

Auditor General's Position

- 1.1.7.7 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.7.8 However, Management provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.7.9 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.8 No evidence of electronic cash book

Observation

- 1.1.8.1 Regulations C.8, sub section 3h of the PFM Act of 2009 required that a head of agency or spending unit shall produce, when required by the Minister of Finance, the

Comptroller-General, head of internal audit or Auditor-General or by such officers as may be authorized by any of the above, all cash, books, records, vouchers or other items of value in his or her charge.

- 1.1.8.2 During the conduct of the audit, it was observed that the Management of the C. B. Dunbar Hospital did not provide evidence of electronic cashbook to verify the completeness and accuracy of the transactions recorded on the bank reconciliation statements.

Risk

- 1.1.8.3 The completeness and accuracy of cash transaction may not be assured in the absence of electronic cash book.

Recommendation

- 1.1.8.4 Management should facilitate the preparation of electronic cashbook to ascertain the completeness and accuracy of cash transactions.

Management's Response

- 1.1.8.5 *The Management of C.B. Dunbar Hospital acknowledges the audit findings. Please note that the management of C.B. Dunbar Hospital has an electronic (excel) cashbook developed by the MOH for recording transactions and producing reports. The cashbook or work sheet is being used by all counties' hospitals and C.B. Dunbar is no exception. We will submit softcopy of the cashbook for your review and consideration.*

Auditor General's Position

- 1.1.8.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.8.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.8.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.9 Outstanding transactions without dates and numbers

Observation

- 1.1.9.1 Section II R3 (6) of the Public Finance Management Regulation of 2009 requires that the balance of every bank account as shown in a bank statement be reconciled with the corresponding cash book 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.

- 1.1.9.2 During the conduct of the audit, it was observed that the Management of the C.B. Dunbar Hospital recorded seven (7) outstanding transactions in the total amount of US\$12,662 on the bank reconciliation statements without check numbers and date of issuance. **See table 13 below for details**

Table 13: Outstanding transactions without dates and numbers

#	Reconciliation months	Check #	Date Check was issued	Amt. US\$
1.	September 2020	Not available	Not available	4,000.00
2.	September 2020	Not available	Not available	584.00
3.	December 2020	Not available	Not available	700.00
4.	December 2020	Not available	Not available	158.00
5.	December 2020	Not available	Not available	200.00
6.	December 2020	Not available	Not available	4,000.00
7.	December 2020	Not available	Not available	3,020.00
Total				12,662.00

Risk

- 1.1.9.3 Transactions recorded as unpresented checks on the face of the bank reconciliations without numbers and dates may cast doubt over the regularity and legitimacy of the transactions.

Recommendation

- 1.1.9.4 The Management should facilitate adequate preparation of monthly bank reconciliation statements. The dates and check numbers for all outstanding transactions must be included on the bank reconciliation statements.

Management's Response

- 1.1.9.5 *The Management of C.B. Dunbar Hospital acknowledges the audit findings and wishes to clarify that it was an error on the part of management to omit the required information on the bank reconciliation statement. Going forward, management will ensure that the required information is included on the bank reconciliation statement. Please see below the table containing the information.*

Table 13-1: Outstanding checks with date and numbers

#	Reconciliation months	Check #	Date Check was issued	Amount US\$
1.	September 2020	01249188	10/6/20	4,000.00
2.	September 2020	01249182	10/6/20	584.00
3.	December 2020	01342801	1/6/21	700.00
4.	December 2020	01249200	1/7/21	158.00
5.	December 2020	01249199	12/31/20	200.00
6.	December 2020	01249198	12/31/20	4,000.00
7.	December 2020	01249196	1/6/21	3,020.00
Total				12,662.00

Auditor General's Position

- 1.1.9.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.9.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.9.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.10 No evidence of electronic cash book

Observation

- 1.1.10.1 Regulations C.8, sub section 3h of the PFM Act of 2009 required that a head of agency or spending unit shall produce, when required by the Minister of Finance, the Comptroller-General, head of internal audit or Auditor-General or by such officers as may be authorized by any of the above, all cash, books, records, vouchers or other items of value in his or her charge.
- 1.1.10.2 During the conduct of the audit, it was observed that the Management of the Phebe Hospital did not provide evidence of electronic cashbook to verify the completeness and accuracy of the transactions recorded on the bank reconciliation statements.

Risk

- 1.1.10.3 The completeness and accuracy of cash transaction can't be assured in the absence of electronic cash book.

Recommendation

- 1.1.10.4 Management should facilitate the preparation of electronic cashbook to ascertain the completeness and accuracy of cash transactions.

Management's Response

- 1.1.10.5 *The Management of Phebe Hospital acknowledges the audit findings. Please note that the management of Phebe Hospital has an electronic (excel) cashbook developed by the MOH for recoding transactions and producing reports. The cashbook or work sheet is being used by all counties' hospitals and Phebe is no exception. During the audit, we submitted pdf copy of the cashbook for your review. However, we will submit softcopy of the cashbook for your review and consideration.*

Auditor General's Position

- 1.1.10.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

- 1.1.10.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.10.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

Redemption Hospital

1.1.11 Payment without authorization

Observation

- 1.1.11.1 Regulation P. 13(2) of the PFM Act of 2009 states "the original payment voucher or certificates shall be signed and the officer shall ensure that legible copies of the signature are on each of the vouchers."
- 1.1.11.2 During the conduct of the audit, it was observed that the Management of the Redemption Hospital disbursed the amount of US\$44,149 for PBF bonus payment, dated March 4, 2021 without evidence of authorization.

Risk

- 1.1.11.3 Unauthorize transactions may facilitate fraudulent financial practices.

Recommendation

- 1.1.11.4 Management should ensure that all payments are approved by the relevant authority.

Management's Response

- 1.1.11.5 *The Management of Redemption Hospital acknowledges the disbursement of PBF bonus payment without relevant authorized signatures and wants to state that necessary actions have been taken to avoid the reoccurrence of said oversight going forward as we strive to follow the PFM Act of 2009. While final signature was being awaited, pressure was mounted to have the beneficiaries paid.*

Auditor General's Position

- 1.1.11.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

Jackson F. Doe Hospital

1.1.12 Unapproved Business Plan

Observation

- 1.1.12.1 Article 10 of the PBF Agreement required that the Hospital Medical Director and Administrator should ensure that all payments made to staff and other beneficiaries should be clearly signed.

- 1.1.12.2 During the conduct of the audit, it was observed that the PBF incentive Business Plan for quarters one, two, three were not signed and approved by the Management of the Jackson F. Doe Hospital for the effective implementation of the program as required.

Risk

- 1.1.12.3 In the absence of an approved business plan, management may undertake activities that may not be align with the organization overall strategic objectives.

Recommendation

- 1.1.12.4 The Management should conclude, approved and operationalized the draft business plan to ensure the effective operation of the project.

Management's Response

- 1.1.12.5 *The Management of Jackson F. Doe Hospital acknowledges the audit findings. Please note that management is aware that the Quarterly Business Plan should be signed by the Head of the Hospital and approved by the County Health Officer. Due to the location of the hospital from the County Health Officer who sits in Sanniquellie and for logistical reason, the hospital signs and sends an electronic copy along with the signature sheet to the CHO for approval. The final and approved document is then forwarded to the Ministry of Health PBF Unit. During the engagement, we couldn't get the Hospital's CMO to make available the electronic copy of the signature page of the approved business plan. This has now been corrected and can be verified during the closeout audit.*

Auditor General's Position

- 1.1.12.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.12.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.12.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.13 Procurement without evidence of delivery

Observation

- 1.1.13.1 Regulations P.9 (2) of the Public Finance Management (PFM) Act of 2009 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".
- 1.1.13.2 During the conduct of the audit, it was observed that the Management of the Jackson F. Doe Hospital made a payment in the amount of US\$900 for hospital bed in the name of

G-2 Pharmacy dated June 11, 2021 without evidence that the bed was delivered to the hospital.

Risk

1.1.13.3 Assets may be paid for but not delivered to the entity.

Recommendation

1.1.13.4 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the project assets.

1.1.13.5 The result of the physical verification exercise should be documented and filed to facilitate future review.

Management’s Response

1.1.13.6 *Management welcomes and accepts the audit recommendation. We have commenced the updating of our assets register and we will work with the MOH fixed asset team to have these assets coded. The management will also carry out fixed periodic verification as recommended going forward. Additionally, the hospital bed mentioned is available for verification during your subsequent visit.*

Auditor General’s Position

1.1.13.7 We acknowledge Management’s acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.14 Meeting Minutes and attendance listing

Observation

1.1.14.1 The MoH Financial Policies and Procedures Manual requires that Management should establish procedures to ensure maintenance of complete and adequate records of transactions, senior management decisions, and other key events, including accounting source documents (journal/day book, ledgers, reconciliation and related management records (memos, minutes).

1.1.14.2 Doing the conduct of the audit, it was observed that the Management of the Sinoe County Health Team paid the amount of US\$3,300 for quarterly review and data use meeting without evidence of meetings minutes and attendance listing to validate the authenticity of the transactions. **See table 14 below for details**

Table 14: Payments for meeting without meeting minutes and attendance listing

Date	PV#	Description	Payee	Check #	Amount US\$
31/07/2020	00025	Catering Services for PBF Review meeting	Mississippi Blues Catering and Hall Rental Services	0146281	1,400.00



Date	PV#	Description	Payee	Check #	Amount US\$
25/8/2020	00044	Catering Services for Data Use Training	Mississippi Blues Catering and Hall Rental Services	146286	600.00
03/05/2021	00151	Catering services for quarterly review meeting	Mississippi Blues Catering and Hall Rental Services	0146333	1,300.00
Total					3,300.00

Risk

- 1.1.14.3 The absence of quarterly review meeting minutes and attendance listing may cast doubt over the occurrence and achievement of the meeting objectives.

Recommendation

- 1.1.14.4 The Management of the Sinoe County Health Team should ensure that quarterly review meeting minutes and attendance listing are prepared, documented and filed to facilitate future review.

Management's Response

- 1.1.14.5 *The Management of Sinoe County Health Team acknowledges the audit findings. Please note that minutes of PBF related meeting are kept by the PBF focal person. The minutes and attendance listing are available for review (see attached copy). Management will ensure that going forward, copy of such document will be attached to the appropriate payment voucher for easy reference.*

Auditor General's Position

- 1.1.14.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.14.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.14.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.15 Unauthorized Payment Vouchers

Observation

- 1.1.15.1 Regulation P. 13(2) of the PFM Act of 2009 states "the original payment voucher or certificates shall be signed and the officer shall ensure that legible copies of the signature are on each of the vouchers."
- 1.1.15.2 During the conduct of the audit, it was observed that the Management of the ST. Francis Hospital made several payments totaling US\$3,170 without approval of the payment vouchers. **See Table 15 below for details.**

Table 15: Payment vouchers processed without evidence of approval

Date	PV#	Description	Payee	Amount US\$
29/03/2021	04643	payment for PBF programs	Augustine M. Musa	450.00
28/03/2021	4642	payment of lab equipment supply	B-Kay Pharmacy	700.00
28/03/2021	04641	payment for drugs and medical supplies	B-Kay Pharmacy	1,720.00
26/03/2021	04640	payment for clinical forms	Augustine M. Musa	300.00
Total				3,170.00

Risk

1.1.15.3 Unauthorize transactions may facilitate fraudulent financial practices.

Recommendation

1.1.15.4 Management should ensure that all payment vouchers are approved by the relevant authority.

Management's Response

1.1.15.5 *Management notes the audit observation and will ensure implementation of the audit recommendation going forward.*

Auditor General's Position

1.1.15.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.16 Variance without liquidation report

Observation

1.1.16.1 Section 2.14 of the MoH Financial Policies and Procedures Manual indicates that Donor funds transferred to programs, CHTs, hospitals, or any other MoH-sponsored institutions, shall be accounted for as an advance disbursed. On consolidation of financial reports from programs, CHTs, hospitals, or any other MoH-sponsored institutions, expenditures incurred by the programs, shall be offset against the advances received by these programs/institutions. MoH's "advances disbursed" accounts shall be cleared as institutions report their expenditures against the advances they received.

1.1.16.2 During the conduct of the audit, it was observed that a total disbursement of US\$3,070 was made in the name of the Accountant of the ST. Francis Hospital for PBF Incentive. However, the amount recorded on the listing provided as evidence of receipt by the beneficiaries amounted to US\$474.80 thereby resulting to a variance of US\$2,595.20 without liquidation report. **See table 16 below for details:**

Table 16: Variance without liquidation report

Date	PV#	Description	Payee	Amount Disbursed US\$ (A)	Amt. Paid to beneficiaries (B)	Variance C=(A-B)
12/6/2021	29702	PBF Bonus	Augustine M. Musa	2,250	424.80	1,825.20
06/01/2021	04630	PBF Bonus	Augustine M. Musa	820	50.00	770.00
Total				3,070	474.80	2,595.20

Risk

- 1.1.16.3 Failure to prepare periodic liquidation report could lead to mismanagement of project funds. This practice may lead to misstatement of expenditures in the financial statements.

Recommendation

- 1.1.16.4 Management should ensure that the retirement of operational funds is adequately supported by original copies of beneficiaries listing of PBF payments.

Management's Response

- 1.1.16.5 *The Management of St. Francis Hospital notes the audit findings. Management is of the opinion that the liquidation document may have been mixed up among other documents. Management will ensure that the full liquidation document is available during your subsequent audit.*

Auditor General's Position

- 1.1.16.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.16.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.16.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.17 Procurement without delivery note

Observation

- 1.1.17.1 Regulations P.9 (2) of the Public Finance Management (PFM) Act of 2009 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".
- 1.1.17.2 During the conduct of the audit, it was observed that the Management of the ST. Francis Hospital made several payments totaling US\$4,302 for cleaning and assorted materials without evidence of delivery note to validate the authenticity of the transactions. **See Table 17 below for details.**

Table 17: Payment without delivery note and receipt

Date	PV#	Description	Payee	Amount US\$
7/4/2021	04648	Payment for claring materials	Pee-Cee and Sons Inc.	500.00
20/01/2021	04632	Payment for claring materials	Pee-Cee and Sons Inc.	942.00
16/09/2020	04613	Payment for claring materials	Pee-Cee and Sons Inc.	834.00
16/09/2021	04606	Payment for assorted building materials	Tanmay Hardware Center Inc.	2,026.00
Total				4,302.00

Risk

1.1.17.3 The lack of supporting documents could undermine the authenticity of the transactions.

Recommendation

1.1.17.4 Management should ensure that the procurement process is followed and the appropriate supporting documents are captured and filed for review.

Management's Response

1.1.17.5 *The Management of St. Francis Hospital notes your audit findings and will ensure the audit recommendation and implemented going forward.*

Auditor General's Position

1.1.17.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.18 Irregularities noted with Project Assets

Observation

1.1.18.1 Section seven (7) F of the Ministry of Health Fixed Assets & Warehouse Management Standard Operating Procedures (SOPs) Manual requires that Fixed Assets Register be maintained, updated and the results of the physical count should be used to update the Fixed Asset Register. Differences between actual and recorded assets should be reconciled. The report of the physical count shall be reviewed and reconciled by the Fixed Asset Accountant and Internal Audit. Discrepancies that cannot be reconciled must be brought to the attention of senior management.

1.1.18.2 During the conduct of the audit, it was observed that the following irregularities were associated with the project assets management system. **Please see table 18 below for details.**

Table 18: Irregularities noted with Project Assets

No.	Counties	Assets Description	Cost US\$	Discrepancies
1.	Rivercess (ST. Francis Hospital)	Ambulance marked GSA-MOH-02-474	58,014	

No.	Counties	Assets Description	Cost US\$	Discrepancies
				Immobile
2.	(Nimba) Jackson F. Doe Hospital	Assets Register not coded updated and several of the project assets not coded	Not applicable	Not coded and register not updated
3.	Grand Cape Mount	Assets Register not updated	Not applicable	Register not updated

Risk

- 1.1.18.3 Assets may be missing, damaged, but their values are still on the book.
- 1.1.18.4 Fixed assets may be removed from the entity's premises without authorization; converted to personal use misappropriated or subject to theft.

Recommendation

- 1.1.18.5 Management should ensure that the project fixed assets register is updated to reflect the cost, code, location and condition of the assets.
- 1.1.18.6 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the project assets.
- 1.1.18.7 The result of the physical verification exercise should be documented and filed to facilitate future review.

Management's Response

- 1.1.18.8 *Management notes the audit observation and will ensure implementation of the audit recommendation going forward.*

Auditor General's Position

- 1.1.18.9 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

1.1.19 Payments without liquidation report

Observation

- 1.1.19.1 Section 2.14 of the MoH Financial Policies and Procedures Manual indicates that Donor funds transferred to programs, CHTs, hospitals, or any other MoH-sponsored institutions, shall be accounted for as an advance disbursed. On consolidation of financial reports from programs, CHTs, hospitals, or any other MoH-sponsored institutions, expenditures incurred by the programs, shall be offset against the advances received by these programs/institutions. MoH's "advances disbursed" accounts shall be cleared as institutions report their expenditures against the advances they received.

- 1.1.19.2 During the conduct of the audit, it was observed that a total disbursement of US\$13,410.10 was made by the RCHT for PBF Incentive and community engagement respectively without retirement report to validate the authenticity of the transactions.
See table 19 below for details:

Table 19: Payments without liquidation report

Date	PV#	Description	Payee	Check #	Amount US\$
21/04/21	00084	PBF Health Facilities Bonus payment	Abraham P. Boyrd	1332775	8,610.10
29/01/21	00079	community engagement for facilities	Isaac O. Garpee	1332773	4,800.00
Total					13,410.10

Risk

- 1.1.19.3 Failure to prepare periodic liquidation report could lead to mismanagement of project funds. This practice may lead to misstatement of expenditures in the financial statements.

Recommendation

- 1.1.19.4 The Management of the RCHT should ensure that the retirement of operational funds is adequately supported by original copies of receipts and beneficiaries listing.

Management's Response

- 1.1.19.5 *The management RCHT welcomes and accepts your recommendation. We have collected liquidation reports from the various health facilities. However, we cannot get the original because it must be kept at the various health facilities to be verified by the National Verification Agency. We will make the document available for your review during subsequent visit.*

Auditor General's Position

- 1.1.19.6 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.
- 1.1.19.7 However, Management provision of documents after our review, does not guarantee Management effective control of document management.
- 1.1.19.8 Going forward, the Project Management should ensure that requested documents for audit purpose are submitted in a timely manner for review.

1.1.20 Delayed Incentive Payments - PBF

Observation

- 1.1.20.1 Article seven (7) of the PBF Contract Agreement requires that the Office of Financial Management (OFM) make payments of PBF Incentives to Hospitals no later than 6

weeks after the end of each quarter. Performance payment should be deposited directly to the Hospital designated account.

- 1.1.20.2 During the conduct of the audit, it was observed that the Management of the HSSP under the Ministry of Health delayed the payments of the Performance Based Financing Incentives to Hospitals for the effective implementation of the program during the period under audit.

Risk

- 1.1.20.3 Delay in the payment of the PBF Incentives to Hospitals may lead to the non-achievement of the project's objectives.

Recommendation

- 1.1.20.4 The Management of the HSSP should ensure timely payments of PBF Incentives to facilitate the achievement of the project objectives.
- 1.1.20.5 The Management should provide reason why the payments of the PBF Incentives to health facilities were delayed during the period under audit.

Management's Response

- 1.1.20.6 *The MOH management acknowledges the audit finding and recommendation therein. Management wants to register here that there are several contributing factors including the revised PBF manual that caused delay of incentive payment. According to the processes that lead to payment, the verification agency will start the verification process on the 17th of the preceding month after the quarter for the period of approximately three weeks/21 days to verify results and submit report and invoice for incentive payment. The PBF Unit will take about a week or three to five working days to review, approve and submit the invoice to the PIU for payment authorization. The PIU will take about two to three working days to complete the internal processing and submit the invoice to the OFM for payment. Once the invoice is submitted to the OFM, it will take four to five working days to complete the transaction and payment instruction sent to the bank. At our bank, there are other internal delays in transferring to the respective counties and hospitals' accounts. With the summary processes and timeline listed above, it is impossible to make payment to hospital and counties within six weeks. Going forward, management will ensure that PBF Contract Agreement captures a reasonable date as per the PBF manual for incentive payment.*

Auditor General's Position

- 1.1.20.7 We acknowledge Management's acceptance of our finding and recommendations. We will make a follow up during subsequent audit.

HSSP AUDIT 2020/2021

2 STATUS OF PRIOR YEAR (2019/2020) RECOMMENDATIONS

No.	Finding	Observation	Recommendation	Status of Prior Year Audit Recommendations
1.	1.1.1 Withholdings Taxes	1.1.1.2 During the conduct of the audit, it was observed that the Management of the HSSP withheld the total amount of US\$134,867.41 from businesses without evidence that the taxes were timely remitted to the Liberian Revenue Authority (LRA).	1.1.1.4 The PFMU Management should ensure that withholding taxes are paid within ten days after the last day of the month as stipulated by the 2011 Amended Revenue Code of Liberia. All receipts, evident by a flag receipt, should also be obtained and filed for future reference.	Implemented
	1.1.1 PHEBE Hospital Bank Reconciliation	1.1.1.2 During the conduct of the audit, it was observed that the bank reconciliation statements prepared at the PHEBE Hospital did not indicate dates of preparation and review to establish their timely preparation.	1.1.2.4 The Management of PHEBE Hospital should ensure that bank reconciliation statements are prepared, reviewed and dated to establish the timely preparation and detection of error(s).	Implemented
	1.1.2 Tellewoyan Memorial Bank Reconciliation	1.1.3.2 During the conduct of the audit, it was observed that the Management of the Tellewoyan Memorial Hospital did not prepare bank Reconciliation Statements for the Performance Based Financing (PBF) Account covering the period July 2019, through December 2019 and February, April and May 2020.	1.1.3.4 The Management of the Tellewoyan Hospital should ensure that bank reconciliation statements are prepared, reviewed and dated to establish the timely preparation and detection of error(s).	Implemented
	1.1.3 Grand Cape Mount County Health Team Fixed Assets Register	1.1.3.3 During the conduct of the audit, it was observed that the Grand Cape Mount County Health Team did not update the Fixed Assets Register (FAR) on a regular basis.	1.1.4.5 The Grand Cape Mount County Health Team should ensure that the Fixed Asset Register is updated regularly.	Not implemented
	1.1.4 Internal Audit	1.1.5.2 The Grand Cape Mount County Health Team did not provide evidence that an Internal Audit Unit was established to provide assurance	1.1.4.4 The Management of the Grand Cape Mount County Health Team should put in place an Internal Audit Unit function.	

No.	Finding	Observation	Recommendation	Status of Prior Year Audit Recommendations
		on the effectiveness and efficiency of internal controls processes as relate to the PBF implementation.		Implemented
1.1.5	Fuel Distribution Log	1.1.6.2 During the conduct of the audit, it was observed that the Grand Cape Mount County Health Team did not have a standardized fuel consumption or distribution log.	1.1.6.4 The Grand Cape Mount County Health Team should ensure that a standardize fuel distribution log is maintained.	Implemented
1.1.6	Bank Reconciliation	1.1.7.2 During the conduct of the audit, it was observed that the Management of the Grand Cape Mount County Health Team did not ensure that the bank reconciliations were timely done for its PBF Program Bank Account.	1.1.6.4 The Management of the Grand Cape Mount County Health Team should ensure that bank reconciliation statements are timely prepared.	Not implemented
1.1.7	Gbarpolu County Health Team Fixed Assets Register	1.1.7.3 During the conduct of the audit, it was observed that the Gbarpolu County Health Team did not update the Fixed Assets Register (FAR) on a regular basis.	1.1.7.5 The Gbarpolu County Health Team should ensure that the Fixed Asset Register is updated regularly.	Not implemented
1.1.8	Payment Vouchers	1.1.9.3 During the conduct of the audit, it was observed that several payment vouchers in the total amount of US\$37,749 were paid without evidence of approval or signature of the County Health Officer or his authorized representative on the payment vouchers as required.	1.1.8.5 The Gbarpolu County Health Team should ensure that payment vouchers are signed or approved by the authorized signatory.	Implemented
1.1.9	Requisition Forms	1.1.10.2 During the conduct of the audit, it was observed that the Gbarpolu County Health Team approved nine (9) requisition forms for the purchase of petroleum product and other items without evidence that the requisition forms were numbered and dated.	1.1.9.4 The Gbarpolu County Health Team should ensure that requisition forms are numbered and dated.	Implemented

No.	Finding	Observation	Recommendation	Status of Prior Year Audit Recommendations
	1.1.10 Fuel Distribution Log	1.1.10.2 During the conduct of the audit, it was observed that the Gbarpolu County Health Team did not have a standardized fuel consumption or distribution log.	1.1.10.3 The Gbarpolu County Health Team should ensure that a standardized fuel distribution log is maintained.	Implemented
	1.1.11 Chief Jallon Lone Medical Center Delivery Notes Payment Vouchers	1.1.11.3 During the conduct of the audit, it was observed that a payment voucher with the amount of US\$3,000 was paid without evidence of approval or signature of the County Health	1.1.11.6 The Management of the Chief Jalloah Lone Medical Center should ensure that payment vouchers are signed and approved by the authorized signatory.	Implemented
	1.1.12 Jackson F. Doe Memorial Hospital Consolidated Statement of Sources and Uses of Funds	1.1.12.2 During the conduct of the audit, it was observed that the Management of the Jackson F. Doe Memorial Hospital Consolidated Statements of Sources and Uses of Funds for the periods ended September 30, 2019, March 31, 2020 and June 30, 2020 were not signed by the Administrator and authorized by the CHO as required.	1.1.12.3 The Management of the Jackson F. Doe Memorial Hospital should ensure that all reports are signed and authorized as required.	Implemented
	1.1.13 PBF Incentives Payrolls	1.1.13.3 During the conduct of the audit, it was observed that the PBF incentive payrolls for quarters one, two, three and four were not signed by the Secretary and Chairperson of the PBF Management Team at the Jackson F. Doe Memorial Hospital as required.	1.1.13.6 The Management of the Jackson F. Doe Hospital should ensure that all PBF Incentives Payroll are signed and approved.	Implemented
	1.1.14 C.B. Dunbar Hospital Internal Audit Review Observation	1.1.14.2 During the conduct of the audit, it was observed that the Management of the C.B. Dunbar Hospital did not establish an Internal Audit Unit to provide assurance on the effectiveness and efficiency of internal controls processes as relate to the PBF implementation.	1.1.14.3 The Management of the C.B. Dunbar Hospital should put in place an Internal Audit Unit function.	Implemented
	1.1.15 Bank Reconciliation	1.1.15.2 During the conduct of the audit, it was	1.1.16.4 The Management of the C.B. Dunbar Hospital	Implemented

*Management letter on the Financial Statement Audit of the
Health System Strengthening Project (HSSP)/Additional Financing (AF)
For the fiscal period ended June 30, 2021*

No.	Finding	Observation	Recommendation	Status of Prior Year Audit Recommendations
		observed that the bank reconciliation statements prepared at the C.B. Dunbar Hospital did not indicate dates of preparation and review to establish their timely preparation.	should ensure that bank reconciliation statements are prepared, reviewed, and dated to establish the timely preparation and detection of error(s).	
	1.1.16 Payment Voucher	1.1.17.3 During the conduct of the audit, it was observed that a payment voucher in the amount of US\$1,044.00 was paid without evidence of approval or signature of the Medical Director or his authorized representative on the payment voucher as required.	1.1.16.5 The Management of the C.B. Dunbar Hospital should ensure that all payment vouchers are signed and approved by the authorized signatory.	Implemented

