



**Promoting Accountability of Public Resources**

## **AUDITOR GENERAL'S REPORT**

**On the Compliance Audit of the Civil Servants  
National Payroll**

**For the Period January 1, 2018 – December 31,  
2021**

**December 2022**

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



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### **Acronyms/Abbreviations/Symbols**

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
ACCA	Association of Chartered Certified Accountants
AG	Auditor General
APO	Align, Plan and Organize
ATAPS	Alternative Temporary Automated Payroll Systems
BAI	Build, Acquire and Implement
BCP	Business Continuity Plan
CAG	Controller and Accountant General
CD	Compact Disk
CDS	Consultant Direct Selection
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
COBIT	Control Objective for Information Related Technologies
CSA	Civil Service Agency
CSM	Civil Service Management
DSS	Deliver, Service and Support
DMZ	Demilitarize Zone
EDM	Evaluate, Direct and Monitor
GAC	General Auditing Commission
GoL	Government of Liberia
ICT	Information Communications Technology
IFMIS	Integrated Financial Management Information System
ISSAI	International Standards of Supreme Audit Institutions
LBDI	Liberia Bank for Development and Investment
LRD	Liberian Dollar
MEA	Monitor, Evaluate and Assess
MFDP	Ministry of Finance and Development Planning
MOJ	Ministry of Justice
MOS	Ministry Of State
NASSCORP	National Social Security Corporation
NCS	National Civil Servants Payroll Audit
NIN	National Identification number
NIR	National Identification Registry
NWBT	National Wage Bill Team
OAG	Office of the Auditor General
PAN	Personnel Action Notice
PFM	Public Financial Management
PIN	Personal Identification Number
SOCS	Standing Order for Civil Servants
SSN	Social Security Number
SIEM	Security Information Event Management
USD	United States Dollar

## **Compliance Audit Report on the National Civil Servants Payroll Audit, for the period January 1, 2018 to December 31, 2021**

### **Adverse Conclusion**

Based on the audit procedures performed and the significance of the matter noted in the Basis for the Adverse Conclusion paragraphs below, the National Civil Servants Payroll dataset on the Alternative Temporary Automated Payroll Systems (ATAPS) are not in compliance, in all material respect, with stated laws and regulations for the period January 1, 2018 to December 31, 2021.

### **Basis for Adverse Conclusion**

Nine Thousand Two Hundred Eighty-Seven (9,287) employees representing 13.7% of employees' records on the Alternative Temporary Automated Payroll Systems (ATAPS) were not available for physical verification.

Three thousand Nine Hundred Seventy (3,970) employees representing 5.9% of civil servants across 80 ministries and agencies earned above the harmonized pay-grade expected salaries. The total monthly difference in excess salary payments amounted to US\$581,439.15.

Thirty-Two thousand Seven Hundred Fifty-Nine (32,759) employees representing 48.7% of civil servants across 90 entities of government earned below the harmonized pay-grade expected salaries. The total monthly difference was US\$5,710,026.97.

Twenty-Five Thousand One Hundred Sixty-Two (25,162) employees representing 37.4% of civil servants in government across 97 ministries and agencies did not have pay-grades.

Sixty-Six Thousand Six Hundred Ninety-One (66,691) records constituting 99.1% of the payroll data on ATAPS from across 66 entities was found to contain exceptions/irregularities.

Five Hundred Sixty-Four (564) employees across forty-seven (47) ministries and agencies did not have National Identification Numbers (NIN) on the ATAPS.

Nine Hundred Three (903) employees, from fifty-four (54) entities had duplicate NINs on the ATAPS.

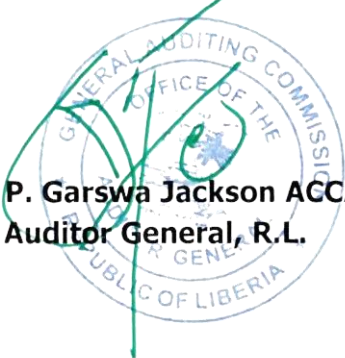
One Thousand (1,000) employees' records on the ATAPS from thirty-four (34) entities contained invalid dates of birth.

Forty-Eight Thousand Six Hundred Forty-Eight (48,648) employee records from across 99 ministries and agencies did not have Social Security Numbers (SSNs).

One Hundred Twenty-Two (122) employees on ATAPS from across 20 ministries and agencies had shared bank accounts.

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There were net variances amounting to USD54,317.21 and LRD2,854,559.52 between the net payroll per amounts in ATAPS and bank payment advice across two ministries for the months of July 2021 to December 2021.

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

**Monrovia, Liberia**  
December 2022

The National Wage-Bill Team comprises of the following personnel who handled the administrative and financial affairs of the Alternative Temporary Automated Payroll Systems (ATAPS) for the period under audit.

#### **Key Personnel of the National Wage-Bill Team**

<b>Name</b>	<b>Title / Entity</b>	<b>Period</b>
Hon. Samuel D. Tweah	Minister -MFDP	2018 to Present
Hon. James Thompson	Director General -CSA	2020 to Present
Hon. Janga Kowo	Comptroller General -MFDP	2018 to Present
Mr. Del Francis Wreh	Director -LIMPAC	2018 to Present

#### **Subject Matter**

The subject matter of the compliance audit:

A compliance audit on the validation of the National Payroll Data for Civil Servants processed via the Alternative Temporary Automated Payroll Systems (ATAPS) for the period January 2018 to December 31, 2021.

#### **Audit Criteria**

The following criteria were used:

- Sections 3.2.1, 3.2.2, 3.2.3 of The Standing order for Civil Servants
- Regulation T.3(1e) of the PFM Act of 2009
- Regulation T.3 (1)f, of the PFM Act of 2009
- Regulation T.1 to T.9 of the PFM Act of 2009
- Regulation H.8(4) of the PFM Act of 2009
- Liberia Information and Communications Technology (ICT) Policy (2019-2024)
- DSS01.01.3 of COBIT-2019

#### **Audit Methodology**

We performed our audit based on the review of policy documents, reconciliation of payrolls, bank payment instructions, bank statements as well as a review of the ATAPS systems used to process the Government national payroll. We interviewed members of the National Wage-Bill Team and other staffers of the MFDP and the CSA. We also conducted a comprehensive physical verification head count of employees of Government across the fifteen (15) counties and all ministries and agencies within the country. The audit criteria were applied to each payroll sample selected. Our findings were documented and given to the Management Team for comments.

The audit was conducted in accordance with ISSAI 4000 (International Standards for Supreme Audit Institutions) for Compliance Audit. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the subject matter complied with applicable laws and regulations.

Our audit is also conducted and communicated in accordance with the requirements of the Auditor General's mandate as provided for under Section 2.1.3 of the GAC Act of 2014.

## **1 DETAILED FINDINGS AND RECOMMENDATIONS**

### **1.1 Physical Verification / Head Count**

#### **1.1.1 Employees Not Verified**

##### **Observation**

- 1.1.1.1 Section 5.1.1 of the Standing Order for Civil Servant (SOCS) 2012, states "Employees of the Civil Service are normally required to work 5 days per week. Normal working hours are from 8:00 a.m. to 4:00 p.m. subject to the approval of supervisors. A period of one hour is allowed for lunch. No employee is permitted to leave his place of work without the knowledge of his supervisor".
- 1.1.1.2 Section 5.1.2 of the SOCS 2012, states "All Agency Heads shall maintain attendance records and shall submit a report to the Agency, at monthly intervals, on the approved Attendance Report Form (see Appendix 6). The Attendance Report Form shall reach the Agency on, or before, the tenth day of the month following the period covered by the report".
- 1.1.1.3 Regulation T.3 1(d) of the PFM Act of 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that authorized establishments or manpower ceilings are not exceeded".
- 1.1.1.4 During the audit, we observed that the total number of employees of the Government of Liberia recorded in the ATAPS database totaled 67,299 (sixty-seven thousand two hundred ninety-nine) from across 103 entities.
- 1.1.1.5 However, the outcome of the physical verification revealed that a total of 9,287 (nine thousand two hundred Eighty-seven) representing 13.8% of employees did not turn out for the head count exercise and therefore were not physically verified. **See Exhibit 1A and 1B**
- 1.1.1.6 Furthermore, we received communications from heads of ministries and agencies providing official excuse of absence for a total of 81 (Eighty-one) employees from 13 (thirteen) entities who did not turnout for the physical verification or head count exercise due to various reasons. **See Exhibit 1C.**

##### **Risk**

- 1.1.1.7 Illegitimate individuals or personnel may be paid for service not performed.
- 1.1.1.8 Payments may be made to ghost employees thereby leading to fraud, waste and misappropriation.



1.1.1.9 Illegitimate excuses may be provided for individuals who may have abandoned their official duties.

1.1.1.10 Employees who may have left their entities (due to resignation, dismissal, redundancy and death) may still be receiving salaries.

#### **Recommendation**

1.1.1.11 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees not verified during the physical verification exercise and for whom legitimate excuses were not provided.

1.1.1.12 Individuals not verified during the head count exercise should avail themselves along with all relevant employment documents to the Office of the Auditor General (OAG) within 90 (ninety) days upon issuance of the Auditor General's Final Report.

1.1.1.13 Individual who are not verified within the 90 (ninety) days period should be removed permanently from the Government of Liberia's payroll.

1.1.1.14 Excuse of absence should be verified on a case-by-case basis. All individuals for whom excuses were granted on the bases of sick leave, annual leave, maternal leave, representation on official duty are required to avail themselves to the OAG for verification within the 90 (ninety) days as recommended above.

1.1.1.15 Also, all individuals for whom excuses were granted for study leave, secondment, etc., should provide supporting documents such as admission letters, academic performance reports, letters of invitation/assignment, contracts and other supporting documents. A mechanism should be instituted to ensure that these individuals return to their original duty posts upon completion of their study leave/secondment, etc.

1.1.1.16 The human resource and internal audit functions of the affected entities should ensure periodic review of employment documentation, perform periodic head counts/physical verifications and conduct periodic reconciliation of payrolls to detect and correct payroll processing errors and/or fraud.

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

1.1.1.17 *The Joint Payroll Management Team comprising of the Ministry of Finance and Development Planning the Civil Service Agency has set up an enforcement team to blocking and possibly removing employees who did not show up for verifications and those for whom there are valid excuses from their entity. The Enforcement team has requested details of these employees, specifically their names, and EMP ID to effect these temporary blocking or permanent removal.*

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

1.1.1.18 We acknowledge Management's acceptance of our finding and recommendations. We also do confirm that the details have been provided along with the report as exhibits as indicated in the finding. Subsequently, we will ensure our Follow-Up Unit liaises with the National Wage-Bill Team to expedite the implementation of audit recommendations.

### **1.1.2 Individuals not Found on the ATAPS Database**

#### **Observation**

1.1.2.1 SOCS Section 1.2.5, Division of Personnel Records and Research, states, "Personnel records on all Classified Civil Servants throughout their careers are maintained by the Division of Personnel Records and Research. It is also responsible for ensuring that information about an individual, including, for example, the position he occupies and the salary he draws, is transmitted efficiently among all the agencies concerned. These would normally be the originating ministry, the Ministry of Finance (which pays salaries), the Bureau of the Budget (which approves salaries) and the CSA itself. The form used for recording all this information is the Personnel Action Notice (or PAN) form). There are two types of PAN forms; one for the Clerical Staff and the other for Non- Clerical Staff. Non-clerical Staff include professional, administrative and general category staff. Other documents handled by the Division are Employment Record Forms, Duty Statements, and letters of appointment, dismissal, or resignation. This Division will also conduct research to improve the service".

1.1.2.2 Section 13.2 of the Decent Work Act of 2015, "Right to convert casual employment to part-time or full-time employment" states:

a) "A casual employee who is engaged by the same employer on a regular and systematic basis for a sequence of periods of employment during a period of six months shall thereafter have the right to choose instead to become a full- time or part-time employee, according to the number of hours the employee is usually engaged to work.

b) An employer of a casual employee within the meaning of paragraph a) shall give the employee written notice within four weeks of the employee having been so engaged for a period of six months.

1.1.2.3 During the audit we observed that 10,441 (ten thousand four hundred forty-one) individuals who were not recorded in ATAPS database turned out during the head count exercise claiming to be employees of the Government of Liberia. As evidence of their employment, they presented identification cards, letters of assignments, etc. **See exhibit 2A for summary and 2B for details.**

**Risk**

- 1.1.2.4 Personnel performing legitimate services may not be duly compensated.
- 1.1.2.5 Non-payment for legitimate service rendered government may result into potential litigation, penalty, fines and reputational damage to the Government of Liberia.

**Recommendation**

- 1.1.2.6 The National Wage-bill Team should perform a comprehensive review on the employment status of individuals identified in this category to make a determination of their employment status.
- 1.1.2.7 Individuals with the requisite employment documents and who have performed the required level of service for more than six months should be gainfully employed.
- 1.1.2.8 Individuals who do not have the requisite employment documentation and/or are not performing the required level of service should be made to discontinue their services.
- 1.1.2.9 The human resource and internal audit functions of the affected entities should ensure periodic review of employment documentation, perform periodic head counts/physical verifications and conduct periodic reconciliation of payrolls to detect and correct payroll processing errors and/or fraud.

**Management's Response**

- 1.1.2.10 *Since the Pay Reform which started July 2019, all employments are finalized through Civil Service Agency in collaboration with the employing entity and the Ministry of Finance and Development Planning. That means, new employments are only added to payroll system (ATAPs) when funding is identified or sourced through the National Budget. Entities by themselves issuing employment letters does not represent full employment with government and is not equivalent to immediate addition on the payroll system.*

**Auditor General's Position**

- 1.1.2.11 Management's assertion did not adequately address the issue raised. Therefore, we maintain our finding and recommendations.
- 1.1.2.12 Additionally, if funding for employment of individuals listed in this category is not available, Management should discontinue their service.
- 1.1.2.13 Going forward, the Government of Liberia should ensure that all individuals commencing work at various Government entities are gainfully employed. Evidence of employment should be adequately documented and filed to facilitate future review.

### **1.1.3 Harmonized Pay-grade Not Applied Consistently**

#### **Observation**

- 1.1.3.1 Section 5.2.3 of the SOCS states "The Director-General of the Civil Service Agency shall be responsible for the classification and salary plan of all civil servants. The salary scale for all classes of all positions held by civil servants shall be determined by the Director-General".
- 1.1.3.2 Part II, Objectives, of the National Remuneration Standardization Act of 2019 states:
- 1) "To ensure that all salaries, allowances and benefits across government are uniformed and equitable for work done;
  - 2) That inequality gap in government is narrowed and controlled to the extent that public resources are managed properly and effectively;
  - 3) That the Republic compensation budget is realistic from time to time and can be efficiently and economically sustainable so as to ensure that resources are properly targeted to vast majority of the population, and to give Liberia confidence amongst its international partners and the comity of nations".
- 1.1.3.3 During the audit, we observed that the pay-grade harmonization initiative of the Government was not comprehensively implemented across all entities. This resulted into employees earning below and/or above the established pay-grades while there were no pay-grade established for other employees.
- 1.1.3.4 We also observed that 3,970 employees representing 5.9% of government employees across 80 ministries and agencies were earning above the harmonized pay-grade expected salaries with a total monthly difference of US\$581,439.15 in excess of expected salaries. **See attached exhibit 3Aa and 3Ab**
- 1.1.3.5 Further, a total of 32,759 employees representing 48.7% of civil servants in government across 90 entities of government were earning below the harmonized pay-grade expected salaries with a total monthly difference of US\$5,710,026.97. **See attached exhibit 3Ba and 3Bb**
- 1.1.3.6 The audit also revealed that a total of 25,162 employees representing 37.4% of civil servants in government across 97 ministries and agencies did not have pay-grades. **See attached exhibit 3Ca and 3Cb.**

#### **Risk**

- 1.1.3.7 Failure to ensure the harmonized pay-grade is comprehensively and consistently applied across all institutions of Government may lead to discretionary determination of salary. This may lead to misappropriation and misapplication of Government funds.

**Recommendation**

- 1.1.3.8 Management should ensure that the pay-grade is comprehensively and consistently applied across all government entities.
- 1.1.3.9 The human resource and internal audit functions of the affected entities should ensure periodic review of employment documentation, perform and conduct periodic reconciliation of payrolls to ensure that the harmonized pay-grade is comprehensively and consistently implemented by the entities. Differences identified should be brought to the attention of the National Wage-Bill Team (CSA, MFDP) in a timely manner.
- 1.1.3.10 Management should ensure that an automated linkage is established between the harmonized pay-grade and the payroll data. Determination of employees' wages should be performed by simply inputting the position of the employee and the corresponding pay-grade step (as the system would automatically select the expected salary). Management should establish a control such that payroll adjustments inputted by a junior staff is reviewed and approved by a senior staff before the transaction is effected in the ATAPS.
- 1.1.3.11 The National Wage-Bill Team should re-examine the harmonized pay-grade and include all positions not previously captured. Also, the harmonized pay-grade should be re-examined in respect of the approved national budget, stakeholder considerations and prevailing circumstances.

**Management's Response**

- 1.1.3.12 *Detailed pay-grading did not cover some spending entities of government given their operational autonomy. These entities are mainly National Legislature and the Judiciary. Employees of other entities who are not assigned paygrade are new employees who joined their respective entities after grading on the baseline payroll data was completed and uploaded onto ATAPs. ATAPs is now being configured to automate the mapping of the standardized paygrade when new employees are created or uploaded on the system. The National Wage -Bill Team planned to work with the National Legislature and the Judiciary to develop a comprehensive paygrade to annex to the existing paygrades on the system for full implementation.*
- 1.1.3.13 *For employees whose salaries are above their paygrade mainly represents employees whose positions have been change through promotions but our employment analysts inadvertently forgot to change their position to their higher position but only focus on changing the employees pay on the system. However, our team will review the listing and reverse all unauthorized changes to their original level.*
- 1.1.3.14 *For the employees earning below their paygrade, the national strategy is to implement incremental adjustment as the national budget grows or as additional space is created through payroll cleaning or retirements.*

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

- 1.1.3.15 We acknowledge Management's acceptance of our findings and recommendations. We will follow up on the implementation of our recommendations during subsequent review.
- 1.1.3.16 However, Management should immediately update the harmonized pay-grade records to reflect current salaries for compliance purposes. The paygrade can be periodically adjusted based on the availability of funding in the national budget.
- 1.1.3.17 Management should also ensure that the harmonized paygrade is comprehensively applied at all ministries and agencies of Government.

### **1.1.4 Temporary Employees/Volunteers/Replacements**

#### **Observation**

- 1.1.4.1 Section 3.4.5 of the SOCS 2012, Limited-term Appointment, states, "Whenever a vacancy is to be filled in a position which is temporary, the appointing authority shall state in its request to the Director-General for certification, the duration of the position. The Director-General shall provide appointing agencies with details of candidates who are eligible for, and willing to accept, limited-term appointments. Time spent in limited-term appointments shall not be taken into account when considering personnel for permanent appointments".
- 1.1.4.2 Section 3.4.6 of the SOCS 2012, Provisional Appointments, states:
- a) "Provisional appointments shall be authorized by the Director-General only when there is no list of eligible personnel available for the position which is vacant and only when the appointing authority certifies that leaving the position vacant will seriously impair its work. In such circumstances the Director-General may recommend personnel to the appointing authority provided that the person nominated has the appropriate qualifications for the position concerned.
  - b) Provisional appointments shall be terminated no later than 6 months from the effective date of the provisional appointment or within 30 days following such time as an appointment can be made from a list of eligible personnel, whichever is sooner.
  - c) No individual shall serve under a provisional appointment for more than 6 months in any 12 consecutive months".
- 1.1.4.3 During the audit, we observed that 92 persons from across 15 ministries and agencies presented temporary employment/replacement letters. **Please see exhibit 4A for summary and 4B for details.** We further observed that the payroll has not been updated to reflect the names of replacements for previously employed individuals.

#### **Risk**

- 1.1.4.4 Illegitimate individuals or personnel may be paid for services not performed.

- 1.1.4.5 Payment may be made to ghost employees thereby leading to fraud, waste and misappropriation.
- 1.1.4.6 Replacement employees' beneficiaries may not benefit from employment benefits such as health and life insurance, pension, etc.
- 1.1.4.7 Post-retirement benefits may be fraudulently computed and /or paid to unintended beneficiaries (illegitimate persons).

**Recommendation**

- 1.1.4.8 Management should establish the legitimacy of all replacement employees through physical verification, examination of employment records and evaluation of services being performed.
- 1.1.4.9 Management should regularize the employment status of all replacement employees and update the payroll database to reflect employees in active public service.
- 1.1.4.10 Going forward, the payroll database should be immediately adjusted with the names of replacement employees at the time of assumption of current portfolio.
- 1.1.4.11 All temporary employments should be duly regularized within six months in line with the SOCS of 2012.

**Management's Response**

- 1.1.4.12 *Since the reform in 2019, all employments are finalized through the Civil Service Agency based on adequate budgetary appropriation and allotment through the Ministry of Finance and Development Planning. The CSA continuously advice spending entities to halt temporary employment or voluntary especially when there is no budgetary appropriation. Replacement are currently been effected once appropriation are available, but most agencies will use the funding of the to be replaced employees for salary adjustment of low earning employees but will still want to use the same fund to hire new employees.*

**Auditor General's Position**

- 1.1.4.13 Management's assertion did not adequately address the issue raised; therefore, we maintain our finding and recommendations.

**1.1.5 Suspected Impersonation**

**Observation**

- 1.1.5.1 Section 66.3 of the Civil Service Act, requires the CSA is to provide the services that include: To keep an accurate and up-to-date record of every individual employed in the civil service system.



1.1.5.2 During the audit, we observed that 166 persons who turned out for verification from 17 ministries and agencies were suspected of impersonating to be bona-fide government employees. **See exhibit 5A for summary and 5B for details.**

**Risk**

1.1.5.3 Illegitimate individuals or personnel may be paid for service not performed.

1.1.5.4 Payment may be made to ghost employees thereby leading to fraud, waste and misappropriation.

**Recommendation**

1.1.5.5 Management should establish the legitimacy of all individuals categorized as suspicious by the GAC audit through physical verification, examination of employment records and evaluation of services being performed.

1.1.5.6 Suspicious Individuals established as illegitimate persons should be removed from the payroll.

1.1.5.7 Going forward, the human resource and internal audit functions at all entities of Government should ensure periodic review of employment documentation, perform periodic head counts/physical verifications and conduct periodic reconciliation of payrolls to detect and correct payroll processing errors and/or fraud.

**Management's Response**

1.1.5.8 *The Civil Service Agency in collaboration with the Ministry of Finance and Development Planning is developing a biometric attendance tracking system or project to periodically track the attendance of actual government employees, institute controls of movement in government premises, and also track actual work hours of employees. This system will be deployed in government agencies and also subregional offices across the country. This project which will require funding when implemented and will minimize the incidence of impersonation while also tracking the attendance of actual government employees.*

**Auditor General's Position**

1.1.5.9 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.1.6 Unsupported Academic Credentials**

**Observation**

1.1.6.1 Section 66.3 of the Civil Service Act, requires the CSA is to provide the services that include: To keep an accurate and up-to-date record of every individual employed in the civil service system.



1.1.6.2 During the audit, we observed that 1,879 representing 2.8% employees from across 69 entities claimed to have academic qualifications which they could not provide evidence of during the physical verification. **See exhibit 6A for summary and 6B for details.**

**Risk**

1.1.6.3 Unqualified individuals may be hired which may impair the quality of public service.

1.1.6.4 Individuals may be compensated at paygrades which are not reflective of their academic qualifications.

**Recommendation**

1.1.6.5 Individuals whose academic credentials were not presented to the GAC during the head count verification exercise should present same to the Office of the Auditor General (OAG) within 90 (ninety) days upon issuance of the Auditor General's Final Report.

1.1.6.6 Individuals who fail to submit their academic credentials within the 90 (ninety) days period should be removed permanently from the Government of Liberia payroll.

1.1.6.7 Going forward, Management should conduct a comprehensive periodic review of personnel files at all government entities. Employees files lacking copies of academic credentials and other essential employment records should be adjusted in a timely manner.

1.1.6.8 Management should also perform periodic validation of academic credentials of employees to substantiate the authenticity of employees' qualification during and after recruitment.

**Management's Response**

1.1.6.9 *The next phase of the reforms is credential audit of all junior and senior level positions within the workforce. The MFDP is currently reviewing a concept or proposal from the National Commission on Higher Education (NCHE) for a digitalized platform to conduct an independent and unbiased audit of credentials for all relevant positions for which degrees are required. This exercise is expected to commence before the end of 2022, starting with the University of Liberia and the Tubman University in Maryland County. The Joint Payroll Clean-up Taskforce of the CSA and MFDP will align its operational roadmap with the recommendation of the Auditor General to permanently remove or demote employees who do not present their credentials within the 90 days period.*

**Auditor General's Position**

1.1.6.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.

### **1.1.7 Pay-Grade Not Interfaced with ATAPS**

#### **Observation**

- 1.1.7.1 Chapter 5, section 5.2.3 of the SOCS 2012, Classification of Salary Plan, states "The Director-General of the Civil Service Agency shall be responsible for the classification and salary plan of all civil servants. The salary scale for all classes of all positions held by civil servants shall be determined by the Director-General".
- 1.1.7.2 Part II, Objectives, of the National Remuneration Standardization Act of 2019 states:
- 1) "To ensure that all salaries, allowances and benefits across government are uniformed and equitable for work done;
  - 2) That inequality gap in government is narrowed and controlled to the extent that public resources are managed properly and effectively; and
  - 3) That the Republic compensation budget is realistic from time to time and can be efficiently and economically sustainable so as to ensure that resources are properly targeted to vast majority of the population, and to give Liberia confidence amongst its international partners and the comity of nations".
- 1.1.7.3 During the audit, we observed that the harmonized pay-grade dataset was not interfaced with or linked to the payroll application, ATAPS.

#### **Risk**

- 1.1.7.4 Failure to ensure the harmonized pay-grade is automatically linked to ATAPS may lead to discretionary determination of salaries. This may lead to misappropriation and misapplication of Government funds.

#### **Recommendation**

- 1.1.7.5 Management should ensure that an automated linkage is established between the harmonized pay-grade and the payroll data. Determination of employees' wages should be performed by simply inputting the position of the employee and the corresponding pay-grade step (as the system would automatically select the expected salary).
- 1.1.7.6 Management should establish a control such that payroll adjustments inputted by a junior staff is reviewed and approved by a senior staff before the transaction is effected in the ATAPS.

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

- 1.1.7.7 *ATAPs is being upgraded to ensure the provide automatic link between the tables that have the standardized paygrade (amount) to the general position table so that it automatically prohibits the actual pay of employees exceeding their standard pay for the position they are occupying. This automatic link was not aggressively pursued given the cost of the upgrade and also the fact that ATAPs was a temporary solution.*

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

1.1.7.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.

### **1.1.8 Status of ATAPS Payroll Dataset**

#### **Observation**

1.1.8.1 Deliver, Service and Support (DSS01.01.3) of COBIT-2019, requires an entity to verify that all data expected for processing are received and processed completely, accurately and in a timely manner and deliver output in accordance with enterprise requirements. It also requires entities to support restart and reprocessing needs as well as ensure that users are receiving the right outputs in a secured and timely manner.

1.1.8.2 During the audit, we observed that of the total of 67,299 (sixty-seven thousand two hundred ninety-nine) employees' records on ATAPS, 66,691 (sixty-six thousand six hundred ninety-one) records constituting 99.1% of the payroll data from across 66 entities was found to contain exceptions/irregularities.

1.1.8.3 Similarly, we observed that only 608 (six hundred and eight) employees' records on ATAPS from across 36 entities, constituting 0.9% of the total records were found to be free of irregularities/exceptions. **See exhibits 7A and 7B.**

#### **Risk**

1.1.8.4 Failure to ensure employees data are free of exceptions/irregularities may undermine the reliability of the system and may impair the integrity of the data to be migrated from ATAPS to CSM.

#### **Recommendation**

1.1.8.5 Management should ensure the payroll data on ATAPS are free of exceptions/irregularities by addressing all queries raised in the Auditor General's Report before migration to CSM.

1.1.8.6 Upon completion of addressing all exceptions/irregularities, Management should submit the cleaned-up dataset to the Office of the Auditor General for subsequent review and validation before migration to CSM.

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

1.1.8.7 *A joint Taskforce comprising of the CSA, MFDP and NASSCORP is currently working with spending entities to ensure that all employment data per employee are collected and uploaded on ATAPs. This project under the team "operation secure all employment" when completed by end of November 2022 will ensure all employment data are collected and uploaded. These data include social security number, date of birth, date of employment, qualification, email address, physical address, etc.*

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

- 1.1.8.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.
- 1.1.8.9 Upon completion of the "*operation secure all employment*", Management should submit the final report to the Office of the Auditor General for validation before migration to CSM as recommended above.
- 1.1.8.10 Going forward, Management should perform periodic review of data in the CSM to ensure consistency with prescribed standard.

### **1.1.9 Understaffed Institutions**

#### **Observation**

- 1.1.9.1 Section 3.4.1 of the SOCS 2012 states "All vacancies in the classified Service shall be filled by original or provisional appointment, promotion, re-employment, transfer or demotion.
- 1.1.9.2 During the audit, we observed that 42 (Forty-two) schools were identified to be understaffed, specifically in Sinoe County. The Forty-two schools were observed to have only a teacher each. **See exhibit 8.**

#### **Risk**

- 1.1.9.3 Failure to adequately staff academic institutions may impair the quality of education offer to students.
- 1.1.9.4 Instructional staff may have abandoned their assignments.

#### **Recommendation**

- 1.1.9.5 Management should establish the actual number of instructors assigned at the schools identified through physical verification, examination of employment records and evaluation of services being performed.
- 1.1.9.6 The Government of Liberia should ensure that all schools are adequately staffed with the requisite number of qualified instructors to improve the quality of education for students.

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

- 1.1.9.7 *Many rural facilities are usually abandoned by employees who are most times recruited from Monrovia. This is a historical challenge that is mainly affecting the health and educational facilities. The Ministry of Education working in close collaboration with the Civil Service Agency (CSA) and the Ministry of Finance have employed more than 1500 teachers while ensuring teachers that abandoned assignments are blocked or removed from the payroll. These employments were done within this current 2022 budget year before the submission of this audit report.*

### Auditor General's Position

1.1.9.8 Management's assertion does not specifically address the issue raised; therefore, we maintain our finding and recommendations.

## 1.2 Payroll Reconciliation

### 1.2.1 Payroll Variances

#### Observation

1.2.1.1 Regulations T.3(1e) of the PFM Act, 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that:

- the amount of salary and other allowances authorized for payment to each staff is not exceeded".

1.2.1.2 During the audit, we observed that payrolls are not reconciled periodically. There was no evidence of a reconciliation report of the government payrolls on a periodic basis.

1.2.1.3 We further observed that there were net variances amounting to USD54,317.21 and LRD2,854,559.52 between the net payroll per amounts in ATAPS and bank payment advice across two ministries for the months of July 2021 to December 2021. **See tables 1A and 1B and exhibit 9A and 9B for details of variances**

**Table 1A**

No.	Period	Entity	USD Company	Payroll	Bank Advice	Variance
1	July 2021	MOJ	UBA	393,985.01	337,767.80	56,217.21
2	July 2021	MIA	GN Bank	119,197.58	119,497.58	(300.00)
3	Aug 2021	MIA	GN Bank	121,838.18	122,138.18	(300.00)
4	Sep 2021	MIA	GN Bank	110,242.64	110,542.64	(300.00)
5	Oct 2021	MIA	GN Bank	111,819.99	112,119.99	(300.00)
6	Nov 2021	MIA	GN Bank	112,961.67	113,261.67	(300.00)
7	Dec 2021	MIA	GN Bank	111,895.15	112,195.15	(300.00)
8	Dec 2021	MIA	GT Bank	39,539.29	39,639.29	(100.00)
<b>Total</b>						<b>54,317.21</b>

**Table 1B**

No.	Period	Entity	LRD Company	Payroll	Bank Advice	Variance
1	July 2021	MOJ	UBA	17,371,271.18	14,461,711.66	2,909,559.52
2	Aug 2021	MIA	GN Bank	13,795,589.22	13,805,589.22	(10,000.00)
3	Sep 2021	MIA	GN Bank	12,718,489.11	12,728,489.11	(10,000.00)
4	Oct 2021	MIA	GN Bank	12,451,341.24	12,461,341.24	(10,000.00)
5	Nov 2021	MIA	GN Bank	12,459,022.62	12,469,022.62	(10,000.00)
6	Dec 2021	MIA	GN Bank	12,399,226.62	12,409,226.62	(10,000.00)
7	Dec 2021	MIA	GT Bank	1,869,012.09	1,874,012.09	(5,000.00)
<b>Total</b>						<b>2,854,559.52</b>

**Risk**

- 1.2.1.4 In the absence of periodic (at least monthly) payroll reconciliation, salaries may be paid above or below approved pay limits leading to misapplication and misappropriation of Government funds.
- 1.2.1.5 Payments may be made to illegitimate individuals not in the employ of Government entities.
- 1.2.1.6 Funds may be disbursed as payroll expenditure but misappropriated and/or diverted to personal benefits.

**Recommendation**

- 1.2.1.7 Management should account for variances observed between net salaries per ATAPS records and net salaries per bank payment advice.
- 1.2.1.8 Management should perform periodic (at least monthly) reconciliation between the net salaries, number and names of employees on the payroll database (ATAPS) to the net salaries, number and names of employees on the bank payment advice. Differences identified should be investigated and adjusted before disbursement of salaries.
- 1.2.1.9 Payment advice should be forwarded to individual entities for review and validation before disbursement of salaries.
- 1.2.1.10 A post reconciliation review between the net salaries, number and names of employees on the payroll database (ATAPS) to the net salaries, number and names of employees on the bank payment advice should be performed on a monthly basis by the Office of the CAG and the spending entities to ascertain the completeness and accuracy of salary disbursement.
- 1.2.1.11 Periodic reconciliation should be performed by persons not involved with the payroll initiation and the processing of payrolls. Evidence of all reconciliations performed should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.2.1.12 *A dedicated and elaborate payroll division is being set up within the Department of the Comptroller and Accountant General. This division will include a dedicated payroll reconciliation unit whose primary functions will include all aspects of periodic monthly payroll reconciliation for spending entities and salary credit to individual employees after the payroll disbursement are done by the commercial banks. The terms of reference for payroll reconciliation analysts have been developed and technical training for these analysts is expected to be conducted before end November 2022.*
- 1.2.1.13 *On the variances between ATAPs net pay and the Bank's Net Payment especially at UBA in July 2021 for the Ministry Justice Payroll, there was a time in 2021 when our automated*

*salary disbursement platform erroneously double or triple some employees of Ministry of Justice particularly Immigration and Police Officers. MFDP effected the repayment by making sure that their payroll was fully processed but withheld their net until the full amount of the double payments was even up.*

1.2.1.14 *On the variances where the bank payment advice is higher than the ATAPs net payment advice in the case of GN Bank for the Ministry of Internal Affairs, the errors can be obviously attributed to wrongful copying and pasting on the bank's listing. These errors can be fully minimized or eliminated once the GoL disbursement platform is fully automated and linked with commercial banks' banking software we currently have UBA and Ecobank. In addition to automating the disbursement platform, periodic reconciliation as recommended by the GAC will also minimize unauthorized variances between ATAPs Net Pay and disbursement listing sent to banks.*

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

1.2.1.15 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.

1.2.1.16 However, Management's assertion reference to bank payment advice being higher than the ATAPs net payment advice in the case of GN Bank and UBA for the Ministry of Internal Affairs and Ministry of Education being attributable to "obvious errors such as copying and pasting" is not materially supported. Therefore, we recommend that Management allows its Internal Audit Department to thoroughly investigate these variances as they may be indicative of payroll irregularities.

### **1.2.2 Payroll Irregularities**

#### **Observation**

1.2.2.1 PFM Regulation N.2., paragraphs 1 and 2 - Conspiracy to Defraud state:

- 1) "No one shall conspire with another person to defraud the Government of Liberia, or create opportunity for another person to defraud the Government or permit the contravention of the law by another person.
- 2) "Anyone who contravenes sub-regulation (1) commits a criminal offence punishable under these regulations.

1.2.2.2 PFM Regulation N.3. paragraphs 1 and 2- Falsification of Records, state:

- 1) "No public officer shall willfully make or sign a false entry in a document, book or computerized system or willfully make or sign a false certificate or returns, whether it is the duty or not of the person to make an entry, certificate or return.
- 2) "Anyone who contravenes sub-regulation (1) commits a criminal offence punishable under these regulations.



1.2.2.3 During the audit, we observed irregular payroll transactions on the payroll of the Ministry of Internal Affairs (MIA) for the months of July to December 2021 for an employee who banks at GN Bank. Net salaries for the six months, July to December 2021 were arbitrarily increased by US\$300 each month totaling US\$1,800.00 and also arbitrarily increased by LR\$10,000.00 for five months, August to December 2021, totaling LR\$50,000.00. **See table 2A, B and C below.**

**Table 2A. Arbitrary Increment in Net Salaries (July-December 2021)**

Month	Entity	Employee ID	Bank	Net Pay (80%) USD Per Payroll (A)	Net Pay (80%) USD Per Bank (B)	Variance USD (C)=(A-B)
July	MIA	78029	GN Bank	421.76	721.76	(300.00)
August	MIA	78029	GN Bank	421.76	721.76	(300.00)
September	MIA	78029	GN Bank	421.80	721.80	(300.00)
October	MIA	78029	GN Bank	423.12	723.12	(300.00)
November	MIA	78029	GN Bank	423.22	723.22	(300.00)
December	MIA	78029	GN Bank	423.22	723.22	(300.00)
<b>Total</b>						<b>(1,800.00)</b>
Month	Entity	Employee ID	Bank	Net Pay (20%) LRD Per Payroll (A)	Net Pay (20%) LRD Per Bank (B)	Variance LRD (C)=(A-B)
August	MIA	78029	GN Bank	18,026.02	28,026.02	(10,000.00)
September	MIA	78029	GN Bank	18,010.86	28,010.86	(10,000.00)
October	MIA	78029	GN Bank	17,493.89	27,493.89	(10,000.00)
November	MIA	78029	GN Bank	17,457.66	27,457.66	(10,000.00)
December	MIA	78029	GN Bank	17,457.66	27,457.66	(10,000.00)
<b>Total</b>						<b>(50,000.00)</b>

1.2.2.4 Similarly, another employee of MIA who banks at GT Bank's net salaries for the month of December 2021 were increased arbitrarily by US\$100.00 and LR\$5,000.00 respectively. **See table 2B below. See also annexures for details.**

**Table 2B: Arbitrary Increment in Net Salaries (July-December 2021)**

Month	Entity	Employee ID	Bank	Net Pay (80%) USD Per Payroll (A)	Net Pay (80%) USD Per Bank (B)	Variance USD (C)=(A-B)
December 2021	MIA	42701	GT Bank	155.30	255.30	(100.00)
Month	Entity	Name	Bank	Net Pay (20%) LRD Per Payroll (A)	Net Pay (20%) LRD Per Bank (B)	Variance LRD (C)=(A-B)
December 2021	MIA	42701	GT Bank	6,405.96	11,405.96	(5,000.00)



1.2.2.5 We further selected a sample of 10 entities' disbursement of July 2022 payroll as a review of subsequent event to establish that exceptions observed in December 2021 were not isolated but continuous. We observed irregular payroll transactions on the payrolls of some ministries and agencies which included arbitrary increment of net salaries and arbitrary inclusion of names on bank advices that were not on the payrolls of these entities for the period. **See table 2C and D.**

**Table 2C -Arbitrary Increment in Net Salaries (July 2022)**

Month	Entity	Net Pay (80%) USD Per ATAPS Payroll (A)	Net Pay (80%) USD Per Bank Advice (B)	Net Pay (80%) USD variance (C)=(A-B)	Net Pay (20%) LRD Per ATAPS Payroll (D)	Net Pay (20%) LRD Per Bank Advice (E)	Net Pay (20%) LRD variance (F)=(D-E)
July 2022	MIA	342,784.37	343,584.37	800.00	33,245,814.45	33,225,814.45	20,000.00

**Table 2D: Arbitrary Inclusion of Names on Bank Advice (July 2022)**

Month	Entity	USD Amount Added per Bank Advice	LRD Amount Added per Bank Advice
July 2022	MOE	23,887.77	928,201.13

**Risk**

- 1.2.2.6 Salaries may be discretionarily increased above approved pay-grade amounts leading to misapplication and misappropriation of Government funds.
- 1.2.2.7 Salaries may be paid fraudulently to illegitimate (ghost) persons.

**Recommendation**

- 1.2.2.8 Management should account for discretionary increase in net salaries of personnel mentioned above.
- 1.2.2.9 Management should provide explanation for the inclusion of names on bank advice that were not originally on the ATAPS payrolls.
- 1.2.2.10 Management should perform periodic (at least monthly) reconciliation between the net salaries, number and names of employees on ATAPS payroll database to the net salaries, number and names of employees on the bank payment advice. Differences identified should be investigated and adjusted before disbursement of salaries.
- 1.2.2.11 Payment advice should be forwarded to individual entities for review and validation before disbursement of salaries.
- 1.2.2.12 A post reconciliation review between the net salaries, number and names of employees on the payroll database (ATAPS) to the net salaries, number and names of employees on the

bank payment advice should be performed on a monthly basis by the Office of the CAG and the spending entities to ascertain the completeness and accuracy of salary disbursements.

### **Management's Response**

1.2.2.13 *Irregular salary may not be attributed to arbitrary increment but can be obviously attributed to wrongful copying and pasting on the bank's listing. These errors can be fully minimized or eliminated once the GoL disbursement platform is fully automated and linked with commercial banks' banking software. We currently have UBA and Ecobank. In addition to automating the disbursement platform, periodic reconciliation as recommended by the GAC will also minimize unauthorized variances between ATAPs Net Pay and disbursement listing sent to banks.*

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

1.2.2.14 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.

1.2.2.15 However, Management's assertion reference to "*wrongful copying and pasting on the bank's listing*" is not materially supported. *Therefore*, we recommend that Management allows its Internal Audit Department to thoroughly investigate these variances as they could be indicative of payroll irregularities.

## **1.2.3 Mobile Money Discrepancies**

### **Observation**

1.2.3.1 Regulations T.3(1e) of the PFM Act, 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that:

- the amount of salary and other allowances authorized for payment to each staff is not exceeded".

1.2.3.2 During the audit, we observed that mobile money payments were made to several individuals whose names on the GSM registered mobile numbers were different from the names on the payroll. **See exhibit 10.**

### **Risk**

1.2.3.3 Illegitimate individuals or personnel may be paid for services not performed.

1.2.3.4 Payment may be made to ghost employees thereby leading to fraud, waste and misappropriation.

1.2.3.5 Salaries may be discretionarily increased above approved pay-grades leading to misapplication and misappropriation of Government funds.

1.2.3.6 In the absence of periodic (at least monthly) payroll reconciliation, salaries may be paid above or below approved pay limits leading to misapplication and misappropriation of Government funds.

**Recommendation**

1.2.3.7 Management should account for variances observed between net salaries per ATAPS records and net salaries per mobile money statements.

1.2.3.8 Management should perform periodic (at least monthly) reconciliation between the net salaries, number and names of employees on the payroll database (ATAPS) to the net salaries, number and names of employees on the mobile money statements. Differences identified should be investigated and adjusted before disbursement of salaries through mobile money.

1.2.3.9 Payment advice should be forwarded to individual entities for review and validation before disbursement of salaries.

1.2.3.10 A post reconciliation review between the net salaries, number and names of employees on the payroll database (ATAPS) to the net salaries, number and names of employees on the mobile money statements should be performed on a monthly basis by the Office of the CAG and the spending entities to ascertain the completeness and accuracy of salary disbursed through mobile money.

1.2.3.11 Periodic reconciliation should be performed by persons not involved with the payroll initiation and the processing of payrolls. Evidence of all reconciliations performed should be adequately documented and filed to facilitate future review.

1.2.3.12 Going forward, Management should ensure that GSM mobile numbers and bank account numbers submitted for salary disbursements should be the same as names of staff on the payroll to avoid payments to illegitimate individuals.

**Management's Response**

1.2.3.13 *Our investigation reveals that most mobile number account that is different from the name of the employees on the payroll fall into the following categories:*

- *Traditional workers of the Ministry of Internal Affairs for whom their relatives (mainly their educated children) acquired and registered SIM cards on their behalf. The SIM number bears the name of the relatives but the salary is actually disbursed to the employees on the payroll.*
- *Employees of government who take short term credit from money exchangers and assigned the Liberian dollars portion of their salary to such money exchangers, and effect that by authorizing their HRs to disburse directly to their creditor or money exchanger mobile money account. This category of employees usually receives the 80% portion of salary in their own USD account.*

1.2.3.14 *To eliminate these kinds of transactions or disbursements, the CSA and MFDP have developed a regulation on the usage of mobile account for salary disbursement to the extent that such disbursement will only benefit the exact bearer on the payroll. The list of unmatched bearers on the payroll is being consolidated to be shared with spending entities for their prompt action or risk removal of those employees from the payroll consistent with the GAC recommendations.*

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

1.2.3.15 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent audit.

### **1.2.4 Irregularities Associated with NASSCORP Contributions**

#### **Observation**

1.2.4.1 Schedule II (a) and (b) of the National Social Security Corporation (NASSCORP) General Regulations of 2018, requires employers to as of February 13, 2017, contribute to the National Pension Scheme in respect of each employee, 6% of an employee's earnings as employer's contributions and 4% as employee's contribution totaling 10%.

1.2.4.2 During the audit, we observed the following irregularities associated with NASSCORP contributions:

- There was no evidence that GoL remitted the employer's contributions, representing 6% of total gross income of employees, to NASSCORP.
- Employees' contributions deducted, representing 4% of total gross income were remitted to NASSCORP but not in a consistent and timely manner.
- Employees' contributions withheld from government employees and remitted were not accompanied by listing of employees and their social security numbers for ease of allocation to employees' NASSCORP respective accounts.

#### **Risk**

1.2.4.3 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalty and fines.

1.2.4.4 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the regulation.

1.2.4.5 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

#### **Recommendation**

1.2.4.6 A payment plan should be crafted and agreed between GoL and NASSCORP Management

for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the national budget on an annual basis.

- 1.2.4.7 GoL should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
- 1.2.4.8 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.
- 1.2.4.9 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.

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

- 1.2.4.10 *The Government confirmed regular deduction and remittance of the employees' portion of the Social Security Contribution to NASSCORP. However, remittance of the employer matching contribution has been irregular due to inadequate fiscal space during the budget preparation and execution. The Government of Liberia through the Ministry of Finance and Development Planning have over the years reconciled and recognized its outstanding (Employer's) contribution as legitimate debt to NASSCORP and has also supported NASSCORP to securitize this debt for regular interest and principal repayment.*
- 1.2.4.11 *Up to the end of June 2017 the GoL first outstanding debt (aggregate employer's contribution) was securitized and the Government is actively servicing the security instrument. There are on-going engagements between the MFDP and NASSCORP for reconciliation and validation of the outstanding contribution between July 2017 to July 2022 for recognition and inclusion in the national debt stock.*

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

- 1.2.4.12 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation in subsequent review.

### **1.3 Database Security Management**

#### **1.3.1 Lack of Reconciliation Among Dataset on the ATAPS**

##### **Observation**

- 1.3.1.1 Liberia Information and Communications Technology (ICT) Policy (2019-2024); includes a sector review mechanism that emphasizes accurate data gathering, benchmarked assessments, and dissemination through sector reports.

- 1.3.1.2 According to DSS01.01.3 of COBIT-2019-Perform operational procedures- an entity is required to verify that all data expected for processing are received and processed completely, accurately and in a timely manner. It is required to deliver output in accordance with enterprise requirements; and to support restart and reprocessing needs. The entity is required to ensure that users are receiving the right outputs in a secure and timely manner.
- 1.3.1.3 During the audit, we observed that summary of information displayed on the ATAPS dashboard was not automatically linked to the database; therefore, the summary information displayed did not reconcile with the payroll details in the database.
- 1.3.1.4 The discrepancy was observed based on our analysis of the December 2021 payroll detailed information spooled from the system. **See table 3 below.**

**Table 3: Data set variances**

<b>Data Description</b>	<b>Amount</b>
Detail information spooled from the system for the month of December	62,732
The Gender profile report on the application	(63,984)
<b>Difference</b>	<b>(1,252)</b>
Detail information spooled from the system by auditors	62,732
Report that was given to the auditors along with Data containing Birth (DOB)	(62,677)
<b>Difference</b>	<b>55</b>

- 1.3.1.5 Additionally, the above analysis shows differences in the dataset collected from the ATAPS. **See Exhibit 11A and 11B**

**Risk**

- 1.3.1.6 The completeness and accuracy of payroll data on the ATAPS may be misstated.
- 1.3.1.7 The system may be incorrectly compiling data wrongly configured or malfunctioning leading to data integrity.
- 1.3.1.8 The lack of consistency in datasets on the system may lead to the loss of data integrity.

**Recommendation**

- 1.3.1.9 Management should report the error identified to the system engineers for immediate rectification.
- 1.3.1.10 The system engineer should ensure that all computations in the system are performed from a single source.
- 1.3.1.11 Management should conduct routine data integrity check and perform periodic systems updates. Discrepancies identified should be reported to the system engineer for timely resolution.

### **Management's Response**

- 1.3.1.12 *The summary information display on the ATAPs dashboard is totally identical to the detailed dataset of each entity because the dashboard displays summary of active employees while the detailed dataset contained active, suspended, blocked, and terminated employees. The essence of keeping the non-active employees on the system is for proper referencing when an action is needed to take or investigate how and when an employee got deactivated. The difference between the summary dashboard display and the detailed dataset does not represent malfunctioning of the system.*
- 1.3.1.13 *Users of the system have been encouraged to report any abnormality of the system, and when such abnormalities are reported to the system engineer, the rightful and corrective measures are taken. The System Administrator has been mandated to develop a tracking log of reported problems on the system for future reference and education.*

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

- 1.3.1.14 We acknowledge Management's assertions that "The summary information display on the ATAPs dashboard is totally identical to the detailed dataset of each entity because the dashboard displays summary of active employees while the detailed dataset contained active, suspended, blocked, and terminated employees". However, the summary schedule balances should be reflective of the full details of employees captured in the database. Management can create additional line items in the summary schedule to account for active, suspended, blocked, and terminated employees but the summary dataset should always reconcile to the detailed dataset.

## **1.3.2 Lack of National Identification Number (NIN)**

### **Observation**

- 1.3.2.1 Part III- Functions Section B of the NIR Act states that "to collect, organize, store, secure and grant access to secure biometric data to be collected from individual applying for national biometric identification cards; and other key documents such as Passport, Driver's license and Social Security cards".
- 1.3.2.2 Part III- Functions section C of the NIR Act states that "to design, produce, and issue biometric cards each with a unique identifying number to be called a Social Security Number, to be the primary government approved identity number (for registration of birth, death, passports, immigrant documents, bank accounts, Driver's License social security benefits, and other identification documents supported by adequate and appropriate security features to address the challenge of possible fraudulent duplication".
- 1.3.2.3 The MFDP in 2019 introduced the biometric verification system as a means of uniquely identifying each employee on the payroll system. This control was established as a pre-condition for the payment of salaries to employees of the Government of Liberia.



1.3.2.4 Notwithstanding this control, we observed during the audit that 564 (five hundred sixty-four) employees across forty-seven (47) ministries and agencies were without National Identification Numbers (NIN) on the ATAPS. **See exhibit 12A for summary and 12B for details.**

#### **Risk**

1.3.2.5 In the absence of an NINs payments may be made to illegitimate (ghosts) employees.

1.3.2.6 Essential biodata of employees may be absent from the system. This may lead to inadequate tracing of retirement age which may result to an unproductive workforce.

#### **Recommendation**

1.3.2.7 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees without NIN.

1.3.2.8 The Office of the Comptroller and Accountant General (CAG) should notify all MACs of affected employees informing these employees to provide their NINs within 90 days of the issuance of the AG's report. The NINs presented should be reconciled to the NIR database to ascertain the validity of the numbers. The Office of the CAG should present a report of NINs provided during this period to the OAG for subsequent validation.

1.3.2.9 Individuals who do not provide a valid NIN to the office of the CAG within 90 (ninety) days upon the issuance of the AG's report should be removed permanently from the Government of Liberia payroll.

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

1.3.2.10 *The no NIN no pay policy was relaxed after the National Identification Registry (NIR) temporarily went out of cards at some point in their operations. However, the MFDP is working closely with CSA to reactivate and enforce the No NIN no Pay strategy consistent with the Audit recommendations. We will further upgrade the payroll system to automatically drop any employee who does not have NIN before their agency's payroll gets final approval for processing and disbursement.*

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

1.3.2.11 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.3.3 Duplications of National Identification Number (NIN)**

#### **Observation**

1.3.3.1 Part III- Functions section B of the NIR Act states that "to collect, organize, store, secure and grant access to secure biometric data to be collected from individual applying for national biometric identification cards; and other key documents such as Passport, Driver's license and Social Security cards".



1.3.3.2 Part III- Functions section C of the NIR Act states, "To design, produce, and issue biometric cards each with a unique identifying number to be called a Social Security Number, to be the primary government approved identity number (for registration of birth, death, passports, immigrant documents, bank accounts, Driver's License, social security benefits, and other identification documents supported by adequate and appropriate security features to address the challenge of possible fraudulent duplication".

1.3.3.3 During the audit, we observed that the total data of 903 employees, from 55 entities had duplicate NINs. These employees NINs appeared on the ATAPS systems twice and/or that two persons had the same numbers. **See exhibit 13A for summary and 13B for details.**

**Risk**

1.3.3.4 The duplication of an NIN may lead to payments being made to illegitimate (ghost) employees.

1.3.3.5 Essential biodata of employees may be absent from the system. This may lead to inadequate tracing age of retirement which may result to an unproductive workforce.

1.3.3.6 Individuals may be employed at two or more MACs leading to insufficient/unproductive service at one or more MACs. These individuals may be non-compliant with sections 9.10 of the Code of Conduct.

**Recommendation**

1.3.3.7 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees with duplicated NINs.

1.3.3.8 Management should establish the legitimacy of the duplicated NINs, identify the legitimate owner of a number and perform an examination to determine whether the individual is not double dipping. Individuals found liable of double dipping should be subjected to punitive actions as enshrined in section 15.1 of the Code of Conduct and other relevant laws and regulations.

1.3.3.9 The Office of the Comptroller and Accountant General (CAG) should notify all MACs of employees illegitimately assigned duplicated NINs to provide their legitimate NINs within 90 days of the issuance of the AG's report. The NINs presented should be reconciled to the NIR database to ascertain the validity of the numbers. The Office of the CAG should present a comprehensive report on duplicated NIN investigated as well as valid NINs subsequently provided by affected employees to the OAG for validation.

1.3.3.10 Individuals who do not provide a valid NIN to the office of the CAG within 90 (ninety) days upon the issuance of the AG's report should be removed permanently from the Government of Liberia's payroll.

1.3.3.11 Going forward, the system should be configured to alert users through a prompt for duplication of NINs at the data input stage.

1.3.3.12 Management should conduct routine data integrity check and perform periodic systems updates. Discrepancies identified should be investigated and resolved in a timely manner.

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

1.3.3.13 *The duplicate NIN get through when bulk employment is uploaded unto the payroll system (ATAPs). These bulk employments are normally done under the Ministries of Education, Health, and Internal Affairs. Consistent with the audit recommendation, the MFDP working with the CSA will immediately block names bearing the duplicates NIN, later restore those employees who actually own those NIN after verification with NIR. Additionally, the MFDP will request the system engineer to upgrade the ATAPs such that the system run monthly NIN assessment to identify and temporarily block duplicate NINs and no NIN employees before payroll is processed for the following months.*

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

1.3.3.14 We acknowledge Management's assertion. However, we maintain our finding and recommendations.

### **1.3.4 Invalid Date of Birth**

#### **Observation**

1.3.4.1 Part III- Functions section C of the NIR Act states that "to design, produce, and issue biometric cards each with a unique identifying number to be called a Social Security Number, to be the primary government approved identity number (for registration of birth, death, passports, immigrant documents, bank accounts, driver's license social security benefits, and other identification documents supported by adequate and appropriate security features to address the challenge of possible fraudulent duplication".

1.3.4.2 During the audit, we observed that the dataset for 1,000 (one thousand) employees' records on the ATAPS from 34 entities contained invalid dates of birth. There were both alphanumeric and numeric characters. There was no indicator of the regular expression that matches any format such as; DD/MM/YYYY, MM/DD/YYYY, or YYYY/MM/DD. **See exhibit 14A for summary and 14B for details.**

#### **Risk**

1.3.4.3 The timing of retirement may not be appropriately determined. This may lead to an overage/unproductive workforce and /or delayed payments of retirement benefits.

1.3.4.4 The invalid date of birth may lead to payments being made to illegitimate (ghost) employees.

1.3.4.5 The system may be wrongly configured, incorrectly compiling data, and/or malfunctioning leading to data integrity.

**Recommendation**

1.3.4.6 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees with invalid dates of birth.

1.3.4.7 The Office of the Comptroller and Accountant General (CAG) should notify all MACs of employees illegitimately assigned invalid dates of birth to provide their legitimate dates of birth within 90 days of the issuance of the AG's report. The dates of birth presented should be reconciled to the NIR database to ascertain the validity of the dates of birth. The Office of the CAG should present a comprehensive report on invalid dates of birth investigated as well as valid dates of birth subsequently provided by affected employees to the OAG for validation.

1.3.4.8 Individuals who do not provide valid dates of birth to the office of the CAG within 90 (ninety) days upon the issuance of the AG's report should be removed permanently from the Government of Liberia's payroll.

1.3.4.9 Going forward, the system should follow the standardized/uniformed format as is used by the NIR for inputting dates of birth: MM/DD/YYYY.

1.3.4.10 The system should be configured to alert users through a prompt for invalid format and invalid date of birth at the data input stage.

1.3.4.11 Management should conduct routine data integrity check and perform periodic systems updates. Discrepancies identified should be investigated and resolved in a timely manner.

**Management's Response**

1.3.4.12 *The standardized and acceptable date format of the System is MM/DD/YYYY. However, during bulk upload especially at the beginning of the reforms, several entities in their raw submission provided different dates format. These dates are gradually been converted into the standardized format ("MM/DD/YYYY) under the interagency full employment data collect project with the CSA, MFDP, and the NASSCORP. Additionally, the CSA will ensure that ATAPs is upgraded to reinforce the standardized format and reject any different format and also temporarily blocked employees bearing the wrong date formats.*

**Auditor General's Position**

1.3.4.13 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendations during subsequent review.

### **1.3.5 Over-aged Employees on the Payroll Database of ATAPS**

#### **Observation**

- 1.3.5.1 Standing Orders for The Civil Service Agency, Section 3.5.1 - Retirement at Age 65, states "Unless ordered otherwise by Government, every employee shall be compulsorily retired at the age of 65, or after a minimum of 25 years of service as specified under Section 1 of the Government Employees Pension Act".
- 1.3.5.2 Standing Orders for The Civil Service Agency Section 3.5.2- Records of Retired Employees, states "Agency Heads shall submit at quarterly intervals to the Director- General a list of all employees who are due for retirement. Agency Heads shall ensure that such details are submitted to the Director-General at least 3 months prior to the date of retirement of the employee concerned. A list recording details of all retired Civil Servants throughout the Civil Service shall be maintained by the Director-General".
- 1.3.5.3 During the audit, we observed that data analysis showed that there were 1,000 (one thousand) employees on the ATAPS database whose ages had exceeded the maximum age of sixty-five (65) years from 21 (twenty-one) entities of government. The ages range from 66 to 92 years. **See exhibit 15A for summary and 15B for details.**

#### **Risk**

- 1.3.5.4 Employees may have exceeded the required age limit of active employment thereby impairing productivity and efficiency in government operations.
- 1.3.5.5 Failure of the system to trigger over-age personnel may lead to pensioners being on active assignment which may subsequently lower productivity in the public service.

#### **Recommendation**

- 1.3.5.6 Management should ensure that over-aged employees are honorably retired/pensioned in line with the relevant laws and regulations.
- 1.3.5.7 Management should ensure that a trigger is activated in the age column or field of the system to prompt end-users of over-aged employees. Management should ensure that the listing of employees due for retirement is submitted to the office of the Director General of the CSA at least 3 months to the date of retirement, consistent with Section 3.5.2 of the SOCS of 2012.
- 1.3.5.8 Management should conduct routine data integrity check and perform periodic systems updates to identify irregularities relative to over-aged employees. Discrepancies identified should be reported and investigated in a timely manner.

### **Management's Response**

- 1.3.5.9 *There is a temporary moratorium on compulsory retirement until the regime for paying retirement incentive and benefits are corrected between the central government through the CSA and the MFDP and National Social Security and Welfare Corporation. The Interagency Taskforce comprising the CSA, MFDP and NASSCORP implementing the employee data collection is also modernizing and automating the retirement benefit payment regime (payment of handshake and pension) to ensure that employee retiring will automatically start receiving his retirement benefits within one month after retirement unlike the current regime which delays up to 12months.*
- 1.3.5.10 *Besides many of the over-aged employees over age 66 are traditional workers (chiefs, commissioners, Professors, etc) of the Ministry of Internal Affairs and Community Colleges who are required to hold to their employment status until they are considered incapacitated by their spending entities and submitted for retirement to the CSA.*

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

- 1.3.5.11 Management's assertion does not adequately address the issues raised and is not supported by the relevant laws and regulations. Therefore, we maintain our finding and recommendations.

## **1.3.6 Employees without Social Security Number**

### **Observation**

- 1.3.6.1 The PFM Regulations A.14 section 2(a) states that each user of a computerized accounting, records, inventories, assets, human resource management, payroll or any similar system must be given a user identification number (User ID) and a password or Personal Identification Number (PIN) by the system administrator.
- 1.3.6.2 DSS01.01.3 of COBIT-2019 -Perform operational procedures- requires an entity to verify that all data expected for processing are received and processed completely, accurately and in a timely manner. It also requires an entity to deliver output in accordance with enterprise requirements; and to support restart and reprocessing needs. The entity is to also ensure that users are receiving the right outputs in a secure and timely manner.
- 1.3.6.3 During the audit, we observed that 48,648 (forty-eight thousand six hundred forty-eight) employees from across 99 ministries and agencies did not have Social Security Numbers (SSNs). **See exhibit 16A for summary and 16B for details.**

### **Risk**

- 1.3.6.4 In the absence of an SSNs payments may be made to illegitimate (ghosts) employees.
- 1.3.6.5 Essential biodata of employees may be absent from the systems. This may lead to inadequate tracing of retirement age which may result to an unproductive workforce.

1.3.6.6 In the absence of social security numbers for employees, deductions withheld from their salaries may not be credited timely to their NASSCORP accounts and same may be misapplied.

1.3.6.7 Additionally, the employees may be denied of their just pension benefits when they shall have retired.

**Recommendation**

1.3.6.8 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees without SSNs.

1.3.6.9 The Office of the Comptroller and Accountant General (CAG) should notify all MACs of affected employees to provide their SSNs within 90 days of the issuance of the AG's report. The SSNs presented should be reconciled to the NASSCORP database to ascertain the validity of the numbers. The Office of the CAG should present a report of SSNs provided during this period to the OAG for subsequent validation.

1.3.6.10 Management should conduct routine data integrity check and perform periodic systems updates to identify irregularities relative to employees without SSNs. Discrepancies identified should be reported and investigated in a timely manner.

1.3.6.11 Management should collect and complete employee information including their social security numbers to ensure timely crediting of their NASSCORP accounts to enable them receive their accurate benefits when retired.

**Management's Response**

1.3.6.12 *The Interagency Taskforce comprising the CSA, MFDP and NASSCORP is currently implementing the employee data collection project which includes collection and upload of the Social Security Numbers for all active employees on the payroll system. The project will also enforce SSN enrollment for employees who have not enrolled otherwise risk suspension of salary disbursement. This exercise is expected to be completed by end November 2022 for the current batch of employees on the payroll system.*

**Auditor General's Position**

1.3.6.13 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.3.7 Employees with Shared Bank Accounts**

**Observation**

1.3.7.1 Regulation T.3, Records of Personnel Emolument, of the PFM Act 2009 states "(1) The head of every Management Unit shall keep records of all Personnel Emolument of staff

employed in his management unit, to ensure that:

- a) payments are made as and when due;
- b) overpayments are not made;
- c) all required deductions are made at the correct time;
- d) authorized establishments or manpower ceilings are not exceeded;
- e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and
- f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit.

1.3.7.2 During the audit, we observed that 122 (one hundred twenty-two) employees on ATAPS from across 20 ministries and agencies had shared bank accounts. **See exhibit 17A for summary and 17B for details.**

**Risk**

1.3.7.3 The duplication of bank account numbers may lead to payments being made to illegitimate (ghost) employees.

1.3.7.4 Individuals may be employed at two or more MACs leading to insufficient/unproductive service at one or more MACs. These individuals may be non-compliant with sections 9.10 of the Code of Conduct (double dipping).

**Recommendation**

1.3.7.5 The Office of the Comptroller and Accountant General (CAG) should place a moratorium on the salaries of all employees with shared bank account numbers pending investigation.

1.3.7.6 Management should establish the legitimacy of the shared bank account numbers, identify the legitimate owners of the bank account numbers and perform an examination to determine whether individuals are not double dipping. Individuals found liable of double dipping should be subjected to punitive actions as enshrined in section 15.1 of the Code of Conduct and other relevant laws and regulations.

1.3.7.7 The Office of the CAG should prepare a comprehensive report on the examination of shared bank account numbers and subsequently present same to the OAG for validation.

1.3.7.8 Individuals illegitimately or fraudulently sharing bank account numbers should be removed permanently from the Government of Liberia's payroll.

1.3.7.9 Going forward, the system should be configured to alert users through a prompt for duplication of bank account numbers at the data input stage.

1.3.7.10 Management should conduct routine data integrity check in search of shared bank account numbers and perform periodic systems updates. Discrepancies identified should be investigated and resolved in a timely manner.



### **Management's Response**

1.3.7.11 *Like NIN, some incidence of the shared account occurred when bulk employment upload was done. However, the MFDP through the CAG office will pull the reports of shared account from the system and submit to the office of the Auditor General. Additionally, ATAPs will be upgraded to conduct monthly routine to determine and block for shared accounts like it will be for shared or duplicate NIN. Consistent with the ongoing reforms and the recommendation of the Auditor General, the MFDP will ensure that these automatic self-regulating upgrade mechanisms of the system are done before end December 2022.*

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

1.3.7.12 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

## **1.4 IT Information Security Management**

### **1.4.1 The Lack of Adequate Patch Management**

#### **Observation**

1.4.1.1 BAI03.10 of COBIT-2019- Maintain solutions, requires an entity to undertake the following activities: develop and execute a plan for the maintenance of solution components, include periodic reviews against business needs and operational requirements such as patch management, upgrade strategies, risk, privacy, vulnerabilities assessment, and security requirements.

1.4.1.2 During the audit, we observed no evidence of a documented patch management system to ensure upgrades and patches are applied to the System.

#### **Risk**

1.4.1.3 The lack of adequate documentation and implementation of patch management may result into potential threat to the existing environment and functionalities of the application, such as:

- a) Exposure to cyberattacks
- b) System downtime
- c) Unsmooth business operations
- d) Data breach, etc.

#### **Recommendation**

1.4.1.4 Management should institute adequate patch management systems to ensure upgrade and patches on the system are implemented and documented.

1.4.1.5 Management should ensure that patches are tested in the test environment before migration to the live environment to mitigate risks associated with system vulnerabilities.



1.4.1.6 Management should conduct routine data integrity check and perform periodic systems updates to ensure continuity of adequate patch management system. Discrepancies identified should be reported and resolved in a timely manner.

**Management's Response**

1.4.1.7 *Management did not respond to this audit finding.*

**Auditor General's Position**

1.4.1.8 In the absence of Management's response, we maintain our finding and recommendations.

**1.4.2 Insufficient Storage Capacity of the ATAPS database**

**Observation**

1.4.2.1 BAI04 of COBIT-2019 — Managed Availability and Capacity, requires an entity to maintain service availability, efficient management of resources, and optimization of system performance through prediction of future performance and capacity requirements.

1.4.2.2 During the audit, we observed that ATAPS database had limited capacity to store datasets. This was evident by the availability of only one-month payroll data on ATAPS. Previous months payroll records were not included on the system due to inadequate data storage capacity.

1.4.2.3 However, Management provided backed-up copies of previous months' payroll data during the audit.

**Risk**

1.4.2.4 Inadequate capacity to store dataset may lead to loss of data and may impair the future review and audit of payroll data.

1.4.2.5 Previous months payroll data may be lost, corrupted and/or manipulated, thereby impairing data integrity, data availability and accountability.

**Recommendation**

1.4.2.6 Management should ensure the storage capacity for dataset on ATAPS is upgraded to accommodate/store payroll data for at least twelve months.

**Management's Response**

1.4.2.7 *The Government of Liberia through the CSA and MFDP and in partnership with the Liberia Telecommunication Corporation (LIBTELCO) is currently implementing the payroll data consolidation and preservation project. This project is consolidating and linking all the backup payroll data since the full automation of the payroll in 2020 and storing on a secured Cloud Server controlled by LIBTELCO. The larger space on the Cloud Server will also improve the operational efficiency ATAPs in terms routines opening and closing of each*

*payroll period. This project is expected to be completed and operationalized by end November 2022.*

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

1.4.2.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.4.3 Lack of Approved IT Policies and procedures**

#### **Observation**

1.4.3.1 DSS05 of COBIT 2019 -Managed Security Services- requires management to protect enterprise information, to maintain the level of information security risk acceptable to the enterprise in accordance with the security policy, should establish and maintain information security roles and access privileges and perform security monitoring.

1.4.3.2 During the audit, we observed no evidence that Management developed key IT-related policies such as:

- a) Approved IT Security Policy, and
- b) Change Management Policy

#### **Risk**

1.4.3.3 Failure to develop and operationalize policies that will protect and maintain enterprise information may lead to security threat and vulnerabilities.

1.4.3.4 IT systems and controls may be instituted and implemented on a discretionary basis.

1.4.3.5 Failure to develop and operationalize a change management policy may lead to unauthorized and untested changes made to the production environment that may cause disruptions to the business and instability to the information system.

1.4.3.6 The absence of an approved change management policy, may lead to resistance to change, lack of awareness or desire to support change, lack of stakeholders' commitment, etc.

#### **Recommendation**

1.4.3.7 Management should develop, approve and operationalize appropriate IT Security policies and standard operating procedures to safeguard information assets (application, database and other IT infrastructure) and ensure consistency in application of the policies across the entire MFDP.

1.4.3.8 Management should develop, approve and operationalize a Change Management policy to mitigate unauthorized and untested changes made to the production environment. Change management for information system environments, application functionality, and business

processes should be proactively managed to achieve process integrity, expedite learning curve and build capacity.

- 1.4.3.9 Additionally, changes made to the system should be properly tracked, tested by appropriate personnel, and adequately reviewed for approvals before being moved to production. All activities should be documented and appropriately maintained.

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

- 1.4.3.10 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust IT Policy and Procedure that also include the management of the Payroll Software.*

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

- 1.4.3.11 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.4.4 No Network Diagrams**

#### **Observation**

- 1.4.4.1 DSS05.02 of COBIT 2019 -Manage network and connectivity security- requires an entity to use security measures and related management procedures to protect information over all methods of connectivity so as to allow only authorized devices to have access to corporate information and the enterprise network as well as configure these devices to force password entry.

- 1.4.4.2 During the audit, we observed no evidence of a network diagram to display authorized devices that should have access to ATAPS information system.

#### **Risk**

- 1.4.4.3 Failure to have a complete network diagram that will show all network equipment and boundaries might enable attackers to gain access to the ATAPS network, which may lead to exploitation.

- 1.4.4.4 The absence of a network diagram makes it difficult to identify specific areas where errors or problems may occur that could lead to system downtime (delay, malfunction, etc.)

#### **Recommendations**

- 1.4.4.5 Management should develop a complete network diagram to determine how the parts of a network interact collectively. An organized outline of how the components of the network works together makes it easier to pinpoint the specific areas where errors or problems occur in a network.

- 1.4.4.6 Management should ensure that the network diagram is properly defined to display devices on the ATAPS network, such as the Demilitarized Zone (DMZ), firewall, Internet protocol (IP) address, and documentation to support the network diagram.

**Management's Response**

- 1.4.4.7 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust Network Diagram that also includes the networking environment for ATAPs.*

**Auditor General's Position**

- 1.4.4.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.4.5 Threat to Business Continuity**

**Observation**

- 1.4.5.1 Dss04.02 of COBIT 5 - maintain a continuity strategy, evaluate business continuity management options and choose a cost-effective and viable continuity strategy that will ensure enterprise recovery and continuity in the face of a disaster or other major incident or disruption. Business continuity management proactively improves the enterprise's resilience against operational disruptions and provides the capacity to adequately react to threats.
- 1.4.5.2 APO14.10 of COBIT 2019 -Manage data backup and restore arrangements- requires an entity to manage the availability of critical data to ensure operational continuity by:
- 1) Defining a schedule to ensure the correct backup of all critical data.
  - 2) Defining requirements for on-site and off-site storage of backup data, considering volume, capacity, and retention period, in alignment with the business requirements, and
  - 3) Establishing a testing schedule for backup data and ensure that the data can be restored correctly without drastically impacting business.
- 1.4.5.3 Additionally, DSS04.08 of COBIT 2019 -Conduct post-resumption review- also requires an entity to assess the adequacy of the business continuity plan (BCP) and disaster response plan (DRP) following successful resumption of business processes and services after a disruption.
- 1.4.5.4 During the audit, we observed that Management had not developed the following:
- Business Continuity Plan (BCP)
  - Disaster Recovery Plan and site
  - Network redundancy

**Risk**

- 1.4.5.5 Failure to develop an approved business continuity plan, disaster recovery plan and network redundancy may result in loss of transactions data in situations where the impact of a disruption on critical business functions occurs.

**Recommendation**

- 1.4.5.6 Management should develop, approve and operationalize an IT continuity plan, disaster recovery plan and network redundancy as part of their risk mitigation strategy. This may minimize the impact of disruptions on critical business functions and the recovery capability of all services.

**Management's Response**

- 1.4.5.7 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that eliminate or minimize threat to business continuity.*

**Auditor General's Position**

- 1.4.5.8 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.4.6 Lack of Demilitarized Zone (DMZ) and Inadequate Placement of Firewall**

**Observation**

- 1.4.6.1 Section 50 (1) of the Telecommunications Act of 2007 of the Republic of Liberia on Confidentiality of Customer Communications stipulates that Service providers shall take all reasonable steps to ensure the confidentiality of customer communications.
- 1.4.6.2 During the audit, the review of the MFDP network diagram revealed that there was no Demilitarized Zone (DMZ) for proper segregation of an organization's internal local-area network from untrusted internet traffic.
- 1.4.6.3 It was also noted that the firewall was placed in front of the router.
- 1.4.6.4 The current firewall architecture relies on a single firewall to filter inbound and/or outbound traffic. **See exhibit 18.1**

**Risk**

- 1.4.6.5 Failure to place a DMZ inside a network and build a firewall at the back of a router to filter incoming and outgoing data traffic might enable an attacker to gain access to the internal network of MFDP and compromise the ATAPS database.
- 1.4.6.6 The use of single firewall architecture may pose a interruption to inbound and/or outbound traffic access that may lead to a traffic bottleneck.

### **Recommendation**

- 1.4.6.7 Management should ensure that a DMZ is placed inside a network for proper network segregation and that a firewall is built at the back of a router to filter traffic and protect sensitive IT equipment as well as databases knowing their criticality.
- 1.4.6.8 Management should ensure there are two firewalls to control inbound and outbound data traffic.

### **Management's Response**

- 1.4.6.9 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will establish DMZ and adequate firewall for the Payroll Software.*

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

- 1.4.6.10 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

## **1.4.7 End of Life Computing of Network Equipment**

### **Observation**

- 1.4.7.1 Section 50 (1) of the Telecommunications Act of 2007 of the Republic of Liberia on Confidentiality of Customer Communications stipulates that service providers shall take all reasonable steps to ensure the confidentiality of customer communications.
- 1.4.7.2 During the audit, we observed that some of the server operating systems such as Windows Server 2008-2012, SQL Server 2008-2016 SP2, etc., and applications such as Apache Tomcat, HTTP Server Project HTTPD 2.2.34, etc., supporting the ATAPS on the MFDP network are outdated and have exceeded their end of life; hence, outdated Operating Systems and applications are unreliable and prone to failure. **See exhibit 18.2**

### **Risk**

- 1.4.7.3 Failure to upgrade all End-of-life products may lead to high maintenance costs, unplanned downtimes, and high vulnerabilities which may affect data manipulations and overall system productivity.
- 1.4.7.4 Management should upgrade all end-of-life products in order to avoid high maintenance costs, and vulnerabilities to the overall system productivity on servers of the MFDP network.

### **Management's Response**

- 1.4.7.5 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP working along with the software engineer has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will minimize or eliminate this risk.*

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

1.4.7.6 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.4.8 User Credential in Clear Text**

#### **Observation**

1.4.8.1 Section 50 (1) of the Telecommunications Act of 2007 of the Republic of Liberia on Confidentiality of Customer Communications stipulates that Service providers shall take all reasonable steps to ensure the confidentiality of customer communications.

1.4.8.2 During the audit, we observed that this website (ataps.mfdp.gov.lr) did not use Secured Hypertext Transport Protocol (HTTPS) for all of its resources; rather, the MFDP implements Hypertext Transport Protocol (HTTP/1.1.) for some data transactions which are less secured.

1.4.8.3 Additionally, we observed that the usernames and passwords are in plain text and transmitted over an unencrypted channel (HTTP) port 80 for users accessing the ATAPS application on the local area network using the Uniform Resource Locator URL [http://41.86.8.146:8080/]. **See exhibit 18.3**

#### **Risk**

1.4.8.4 Failure to use HTTPS for all of its resources may expose user names and passwords to threats thereby leading to unauthorized accounts, transactions, approvals, modifications, or even deletion by an attacker.

1.4.8.5 Additionally, it may be very difficult to trace users' actions performed by their credentials when their accounts had been stolen or hacked.

#### **Recommendation**

1.4.8.6 Management should implement Secured Hypertext Transport Protocol (HTTPS) for all of its web resources to ensure that data are transferred through an encrypted channel (HTTPS) to mitigate interception by malicious and/or unauthorized users.

1.4.8.7 Management should ensure that Secure Sockets Layer (SSL) or Transport Layers Security (TLS) protocol is implemented for transmitting private channels through the Internet.

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

1.4.8.8 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP working along with the software engineer has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will minimize or eliminate this risk.*



**Auditor General's Position**

1.4.8.9 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.4.9 Unresolved Issues on the Console Log**

**Observation**

1.4.9.1 Section 50 (1) of the Telecommunications Act of 2007 of the Republic of Liberia on Confidentiality of Customer Communications stipulates that Service providers shall take all reasonable steps to ensure the confidentiality of customer communications.

1.4.9.2 www.geekflare.com measurement of website performance indicates that the optimum performance score of a website should be scored at 93.

1.4.9.3 Test on this website revealed a performance score of 54 which indicates that the ataps.mfdp.gov.lr website is performing below its optimum capacity.

1.4.9.4 It was observed that Libtelco is the only internet service provider for MFDPA (ataps.mfdp.gov.lr) with the internet protocol, IP (41.86.8.146).

1.4.9.5 During the audit, we observed that ATAPS website page lacks HTML doctype thus triggering quirks-mode. Specifying a doctype prevents the browser from switching to quirks-mode. We also identified that errors are logged to the console; however, this indicates unresolved problems due to network request failures. **See exhibit 18.4**

**Risk**

1.4.9.6 Failure to have alternative internet service provider may lead to system downtime, threat to business continuity, and other irregularities.

1.4.9.7 The absence of an HTML doctype may lead to system glitches, unresolved problems and network failure.

**Recommendation**

1.4.9.8 Management should identify a suitable alternate network service provider, adequately procure its service and operationalize accordingly.

1.4.9.9 Management should configure an HTML doctype to mitigate system glitches, unresolved problems and network failure.

1.4.9.10 Going forward, Management should conduct routine check on the performance of alternate internet service and HTML doctype to mitigate threats against business continuity. In cases where website performances are assessed as inadequate, Management should clear cache of unresolved conflicts.

1.4.9.11 Management should ensure that the console logs are monitored to recognize issues, gaps, inconsistencies, or conflicts, which need to be identified, recorded and resolved in a timely manner.

**Management's Response**

1.4.9.12 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will minimize or eliminate this risk.*

**Auditor General's Position**

1.4.9.13 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.4.10 No Evidence to Confirm Review of Logs on Network Devices**

**Observation**

1.4.10.1 DSS01.01.3 of COBIT-2019 -Perform operational procedures. This requires an entity to verify that all data expected for processing are received and processed completely, accurately and in a timely manner. An entity is also expected to deliver output in accordance with enterprise requirements and should ensure that users are receiving the right outputs in a secure and timely manner.

1.4.10.2 During the audit, we observed no evidence confirming that audit logs from switches, routers, firewalls, etc., were reviewed by the security administrator to identify security incidents and correct any unusual activities on the network.

**Risk**

1.4.10.3 Failure to conduct regular reviews of audit and system logs exposes ATAPS to security breaches that may lead to unauthorized access and inadequate segregation of the data processing environment.

**Recommendation**

1.4.10.4 Management should ensure to review logs periodically. Results of review should be clearly documented, communicated and resolved in a timely manner.

1.4.10.5 Management should facilitate the implementation of a Security Information and Event Management (SIEM) solution to provide threat detection and security incident response through real-time analysis of security alerts.

**Management's Response**

1.4.10.6 *Management did respond to this audit finding.*

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

1.4.10.7 In the absence of Management's response, we maintain our finding and recommendations.

### **1.4.11 Open Ports with Legitimate Services**

#### **Observation**

1.4.11.1 BAI03.10.1 of COBIT-2019, Maintain solutions. - requires an entity to develop and execute a plan for the maintenance of solution components. This includes periodic reviews against business needs and operational requirements such as patch management, upgrade strategies, risk, privacy, vulnerabilities assessment, and security requirements.

1.4.11.2 During the audit, we scanned the MFDP network and observed that there were a lot of open ports with unused services thereby becoming easy target for malicious services and unauthorized access to sensitive data. The scanned results also revealed port numbers, port state, services, and application versions. Ports are an integral part of the Internet's communication model, all communications over the Internet are exchanged via ports through network devices. **See exhibit 18.5**

#### **Risk**

1.4.11.3 Failure to filter, close or change default port numbers may allow malicious actors to exploit security vulnerabilities or services which are exposed through unused ports on the network.

#### **Recommendation**

1.4.11.4 Management should ensure that unused services on open ports are closed, filtered or default port numbers changed in order to reduce the exploitation of security vulnerability and avoid unauthorized access to sensitive data.

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

1.4.11.5 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will minimize or eliminate this risk.*

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

1.4.11.6 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.4.12 Network Printer Web Interface not Secure**

#### **Observation**

1.4.12.1 BAI03.10.1 of COBIT-2019 Maintain solutions. Develop and execute a plan for the maintenance of solution components. Include periodic reviews against business needs and operational requirements such as patch management, upgrade strategies, risk, privacy, vulnerabilities assessment, and security requirements

1.4.12.2 During the audit, we observed that multifunction printers (MFPs) on the MFDP network (of which ATAPS is a part) did not have any security in place for their web interface application.

1.4.12.3 The web interface application which contains the settings for various printers' functionality on the network can be entered into by any user on the network. **See exhibit 18.6.**

#### **Risk**

1.4.12.4 Sensitive data may be exposed to unauthorized and malicious access.

#### **Recommendation**

1.4.12.5 Management should ensure that multifunction network printers are secured from unauthorized access, print configuration alterations, eavesdropping, and device compromise by;

- implementing the change of default password to the administration control panel webpage,
- Using encrypted connections when accessing the printer administrative control panel
- Preventing unnecessary services
- Continuously updating and patching when necessary

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

1.4.12.6 *Noted. Consistent with the audit recommendation, the IT Unit of the MFDP working along with the software engineer has been mandated to develop and operationalize a more comprehensive and robust Policy and Procedures that will minimize or eliminate this risk.*

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

1.4.12.7 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

### **1.5 Control and Administrative Issues**

#### **1.5.1 Lack of Service Contract**

##### **Observation**

1.5.1.1 Section 37, Public Notice of Contract Awards, of the Amendment And Restatement of The Public Procurement And Concessions Act, 2005, states "The Procuring Entity shall promptly furnish the Commission notice of each contract awarded in which the price of the contract exceeds the applicable thresholds established by Regulations promulgated by the Commission indicating the reference number used in the bidding process, the contract price, the name and address of the successful bidder, a brief description of the goods, services or work procured and the procurement method utilized in awarding the contract. The Commission shall cause this information promptly to be published".

1.5.1.2 During the audit, we observed no evidence that Management had entered a valid contract with the Vendor or contractor who provided the ATAPS.

**Risk**

1.5.1.3 In the absence of a valid contract, value for money may not have been achieved during the procurement of the contract. The vendor may be arbitrarily selected leading to hike in price, reduction in quality and an undefined implementation period.

1.5.1.4 In the absence of a valid contract, dispute arising from contract performance issues may not be easily adjudicated in a public court of competent jurisdiction.

**Recommendation**

1.5.1.5 Management should provide copy of the contract entered into with the service providers of ATAPS.

1.5.1.6 Going forward, Management should ensure that procurement processes leading to the hiring of a service provider is duly followed. All contracts subsequently signed should be adequately documented and filed to facilitate future review.

**Management's Response**

1.5.1.7 *There is a Service Contract and procurement documentation between the Civil Service Agency (CSA) and the Vendor that provided ATAPs. The Contract will be provided to the GAC.*

**Auditor General's Position**

1.5.1.8 Management did not provide copy of the contract as asserted; therefore, we maintain our finding and recommendations.

**1.5.2 Lack of Service Level Agreement (SLA)**

**Observation**

1.5.2.1 LIBERIA INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) POLICY (2019-2024) 1.0, states that: The growth and sustainability of the ICT sector requires an updated ICT policy that encourages all stakeholders to play a committed role in the areas of infrastructure development, broadband internet development, human capacity and digital skills, content development, uptake and strategic use of services and products, online safety and privacy, quality of service and efficiency of broadband networks and social inclusion of all citizens.

1.5.2.2 APO09.05 of COBIT 05 states that: Regularly review service agreements according to the agreed-on terms to ensure that they are effective and up to date and changes in requirements, IT-enabled services, service packages, or service level options are considered, when appropriate.

1.5.2.3 During the audit, we observed no evidence of a service level agreement (SLA) between Management and the service provider for the service delivery. A service-level agreement (SLA) is a commitment between a service provider and a client. Best practice requires particular aspects of the service quality, availability, responsibilities to be agreed and documented between the service provider and the service user.

**Risk**

1.5.2.4 The absence of service level agreement may result in inadequate benefits realization.

1.5.2.5 Gaps/irregularities identified in service delivery contract may not be addressed leading to continuous poor service delivery.

1.5.2.6 In the absence of an SLA, monitoring of a service contract may be difficult which may result to deficiency in the quality of the service delivery.

**Recommendation**

1.5.2.7 In addition to signing a contract, Management should develop, approve and operationalize a service level agreement to enhance full implementation of the contract terms and conditions.

**Management's Response**

1.5.2.8 *Noted. Consistent with the audit recommendation, the MFDP and CSA will reengage the vendor to ensure that this audit recommendation is achieved.*

**Auditor General's Position**

1.5.2.9 We acknowledge Management's acceptance of our finding and recommendations. We will follow up on the implementation of our recommendation during subsequent review.

**1.5.3 Lack of Independent Review of ATAPS Systems**

**Observation**

1.5.3.1 MEA02.02 of COBIT 2019 states that review the effectiveness of business process controls. Review the operation of controls, including monitoring and testing evidence, to ensure that controls within business processes operate effectively. Include activities to maintain evidence of the effective operation of controls through mechanisms such as periodic testing, continuous monitoring, independent assessments, command and control centers, and network operation centers. This evidence assures the enterprise that controls meet requirements related to business, regulatory and social responsibilities.

1.5.3.2 During the audit, we observed no evidence of an independent review of ATAPS database application since its launch in 2018. Further, we observed no evidence of an internal review of the system.

**Risk**

- 1.5.3.3 Failure to conduct an independent review of the system, the functionality of internal controls over IT processes, policies, and governance issues may not be objectively assessed.

**Recommendation**

- 1.5.3.4 Management should ensure that ATAPS is periodically reviewed by competitively hired independent systems reviewers with the relevant qualification and experience. Systems control issues resulting from review should be communicated and resolved in a timely manner.

**Management's Response**

- 1.5.3.5 *Management did respond to this audit finding.*

**Auditor General's Position**

- 1.5.3.6 In the absence of Management's response, we maintain our finding and recommendations.