

**Management Letter**

**On the Financial Statement Audit of the Institutional Foundations to Improve  
Services for Health (IFISH) Project**

*For the Eighteen (18) Months Ended December 31, 2022*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
June 2023

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**Acronyms**

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



June 30, 2023

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

Dear Dr. Jallah:

**Re: Management Letter on the Financial Statement Audit of the Institutional Foundations to Improve Services for Health (IFISH) Project for the eighteen (18) months ended December 31, 2022.**

The Financial Statements of the Institutional Foundations to Improve Services for Health (IFISH) Project for the eighteen (18) months ended December 31, 2022 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under section 2.1.3 of the GAC Act of 2014 and the Audit Engagement Term of Reference.

**INTRODUCTION**

The audit of the Institutional Foundations to Improve Services for Health financial statements for the eighteen (18) months ended December 31, 2022 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**SCOPE AND DETERMINATION OF RESPONSIBILITY**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the annual financial statements.

An audit includes:

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

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





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

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management. Our responsibility is to express our opinion on these financial statements for the eighteen (18) months ended December 31, 2022.

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

**Appreciation**

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and staff of the Institutional Foundations to Improve Services for Health (IFISH) Project during the audit. The audit findings which were identified during the conduct of the audit are included below:

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



**Monrovia, Liberia**  
June 2023



## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 Unremitted Taxes to the Liberia Revenue Authority (LRA)

##### Observation

- 1.1.1.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.1.1.2 During the audit, we observed that Management withheld the total amount of US\$177,917.75 as taxes from payment of services rendered by staff and consultants of the project.
- 1.1.1.3 However, there was no evidence that the taxes were remitted to the Liberian Revenue Authority (LRA). **See table 1A, 1B and 1C below for details:**

**Table 1A: Staff Unremitted Taxes to the Liberia Revenue Authority**

Position	Monthly Gross Salary US\$	10% Income Deduction US\$	Total withholding taxes for 18months US\$
Financial Management Officer	3,210.00	321.00	5,778.00
Health Infrastructure Specialist	4,084.55	408.46	7,352.19
Procurement Officer	2,941.18	294.12	5,294.12
Procurement Assistant	1,277.76	127.78	2,299.97
Office Assistant	500.00	50.00	900.00
Office Assistant	500.00	50.00	900.00
Procurement Clerk	500.00	50.00	900.00
Project Driver No. 1	400.00	40.00	720.00
Project Driver No. 2	400.00	40.00	720.00
<b>Total</b>		<b>1,381.35</b>	<b>24,864.28</b>

**Table 1B: Consultant unremitted taxes to the Liberia Revenue Authority**

Position	Monthly Gross Salary US\$	15% Income Deduction US\$	Total withholding taxes for 12 months US\$
Performance Based Financing (PBF) Technical Assistant	10,588.24	1,588.24	19,058.83



**Table 1C: Contractor unremitted taxes to the Liberia Revenue Authority**

#	Date	voucher #	Description	Gross amount US\$	15% withholding tax US\$
1	Mar 31,2022	2022/058	Pmt to Cordaid	248,876.27	37,331.44
2	Oct 10,2022	2022/157	Pmt to Cordaid	197,772.52	29,665.88
3	13-Sep-22	2022/137	Pmt to Cordaid	197,772.52	29,665.88
4	Feb 2,2022	2022/030	Pmt to Cordaid	248,876.27	37,331.44
<b>Total</b>				<b>893,297.58</b>	<b>133,994.64</b>

**Risk**

- 1.1.1.4 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.1.5 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay.
- 1.1.1.6 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

**Recommendation**

- 1.1.1.7 Management should provide substantive justification for not remitting withholding taxes to the LRA.
- 1.1.1.8 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of withholding taxes should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.1.9 *PFMU has worked and continue to engage with the stakeholders on this GOL flag receipt issue for tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectrates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above.*
- 1.1.1.10 *Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account either via the LRA tax remittance forms or via the issuance of checks which will be evidenced / captured by their system and the consultant or vendor can later claim their tax credit from the LRA system. Kindly find attached evidence of taxes paid to the LRA. **Please see Exhibit I***





**Auditor General's Position**

1.1.1.11 We acknowledge Management's assertion and subsequent submission of LRA Tax Remittance Forms after our audit execution. The tax payments were not reflected in the project bank accounts during the period under audit. Prior period payment of taxes made through Tax Remittance Forms had subsequently appeared on the bank reconciliation statements as unrepresented checks. In view of the above, we will follow up on the clearance of these withholding tax remittances during subsequent audit.

**1.1.2 Variance Between Fuel Purchased and Distributed at C.B Dunbar Hospital**

**Observation**

1.1.2.1 Regulations A.3 of the Public Financial Management (PFM) Act of 2009 as amended and restated 2019 states" any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister".

1.1.2.2 During the audit, we observed a variance of US\$12,600 between the total amount of fuel procured and the total amount distributed and reported by Management. **See table 2 below for details.**

**Table 2: Variance between amount of fuel purchased and amount distributed**

Date	Description	Voucher #	Amount Procured and reported US\$ (A)	Amount distributed and reported US\$ (B)	Variance US\$ C=(A-B)
Dec. 22,2021	Payment for fuel	94327	4,000.00	-	4,000.00
Oct.9, 2021	Payment for fuel	94255	4,150.00	4,150.00	-
Mar. 4, 2022	Payment for fuel	94411	4,000.00	-	4,000.00
Sept. 15,2022	Payment for fuel	94434	4,600.00	-	4,600.00
<b>Total</b>			<b>16,750.00</b>	<b>4,150.00</b>	<b>12,600.00</b>

**Risk**

1.1.2.3 Fuel procured may not be based on actual consumption.

1.1.2.4 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.

**Recommendation**

1.1.2.5 Management should provide substantive justification for the variance observed between the amount of fuel procured and amount distributed.





1.1.2.6 Going forward, Management should ensure that fuel procured are based on actual consumption.

1.1.2.7 Management should maintain a fuel consumption and distribution log to aid the project manage cost and inform future purchase. Fuel consumption and distribution log should be adequately documented and filed to facilitate future review.

**Management's Response**

1.1.2.8 *Kindly see scanned copies of the fuel payment vouchers and utilization logs for verification. Please see Exhibit II.*

**Auditor General's Position**

1.1.2.9 We acknowledge Management's subsequent submission of fuel payment vouchers and utilization logs after our audit execution. However, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

1.1.2.10 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that all liquidation reports are adequately documented and filed to facilitate future review.

**1.1.3 Irregularities Associated with the Management of the Project Assets**

**Observation**

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

1.1.3.2 During the audit, we observed that the following irregularities were associated with the project assets management system at various health facilities in the counties:

- Several of the project's fixed assets were not coded,
- The Fixed Assets Register was not updated,
- There was no evidence of movement of assets form,
- The fixed assets register did not contain all the relevant columns,
- There was no evidence of periodic physical verification of fixed assets
- Fixed assets within a given vicinity were not displayed as required by the PFM Act. **See table 3 and 4 below for details**



**Table 3: Status of PBF Assets Register at Jackson F. Doe Hospital**

No#	Name of Assets	Location	Asset status of Coding	Condition	Assets Cost
1.	Hematology Analyzer	LAB	Not coded	Good	9,158.00
2.	Infant Warmer	PEDS WARD	Not coded	Good	1,440.00
3.	Autoclave	LAB	Not coded	Good	1,900.00
4.	Chemistry Analyzer	LAB	Not coded	Good	9,800.00
5.	Urine Centrifuge	LAB	Not coded	Good	3,258.50
6.	Phototherapy	PEDS WARD	Not coded	Good	3,962.40
7.	Infant Monitor	PEDS WARD	Not coded	Good	2,776.80
8.	Infusion Pump	Not indicated	Not coded	Good	1,142.40
9.	Optika Microscope	LAB	Not coded	Good	4,420.00
10.	Phototherapy	PEDS WARD	Not coded	Good	3,962.40
11.	Infant Monitor	PEDS WARD	Not coded	Good	2,776.80
12.	Mindray DC-30 3 Probe	Laboratory	Not coded	Good	28,500.00

**Table 4: Status of PBF Assets Register at C.B. Dunbar Hospital**

No#	Name of Assets	Date Purchased	Engine #	Asset status of Coding	Condition	Assets Cost
1.	50KVA Generator	Dec. 27, 2021	Not indicated	Not coded	Good	Not indicated

1.1.3.3 Additionally, we did not receive Assets Register from the Management of the Rivercess County Health Team for audit verification, despite written communication and numeral follow-up with Management.

**Risk**

1.1.3.4 Fixed Assets Register may be misstated (Over/understated).

1.1.3.5 Assets may be damaged or impaired, but their values are still on the books.

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

1.1.3.7 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.

1.1.3.8 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the project's objectives.

1.1.3.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.





1.1.3.10 Also, fixed assets may be exchanged or stolen if not coded.

**Recommendation**

1.1.3.11 Management should ensure that all assets value is recorded and maintained in the register.

1.1.3.12 Management should ensure that the fixed assets register is updated to reflect the following; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the asset.

1.1.3.13 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.

1.1.3.14 The Fixed Assets Register should be updated periodically to reflect all project's assets.

1.1.3.15 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.

1.1.3.16 A Movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of asset.

**Management's Response**

1.1.3.17 *Management notes the audit findings. Please note that when assets are procured by MOH/PIU, they are coded and recorded in the assets register before sending them to the beneficiaries' counties and health facilities. The assets in question were procured directly by these health facilities using their respective PBF incentives especially the quality improvement bonus (QIB) as investment in their facilities to improve quality of care.*

1.1.3.18 *Most time when these assets are procured, the information will not be provided to the MOH to have our fixed assets team provide guardian on the coding process. However, we have taken steps following the receipts of the draft management letter. The Management of both Jackson F. Doe Hospital and C.B. Dunbar hospitals have coded the above listed assets and is currently updating the assets register.*

**Auditor General's Position**

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



#### 1.1.4 Unexplained Material Variance

##### Observation

1.1.4.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that, an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:

- By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

1.1.4.2 During the audit, we observed an unexplained variance of US\$5,651,253 between the annual approved budget and actual expenditure reported in the project financial statements. **See table 5 below for details.**

**Table 5: Unexplained variance b/w approved budget and actual expenditure**

Activities with in components	Annual Approved Budget US\$ (A)	Actual Expenditure US\$ (B)	Variance US\$ C=(A-B)	Percentage Variance %
Improve Service Delivery	9,000,203	3,348,950	5,651,253	62.79
<b>Total</b>	<b>9,000,203</b>	<b>3,348,950</b>	<b>5,651,253</b>	

##### Risk

1.1.4.3 Failure to include notes or explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements' information needed to make informed decision.

1.1.4.4 Fair presentation and full disclosure may be impaired.

##### Recommendation

1.1.4.5 Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

##### Management's Response

1.1.4.6 *The MOH management notes the audit observation and recommendation. The variance is largely due to the restructuring of the project wherein most activities were put on hold. The IFISH project got effective on February 2, 2021. When the implementation started, the Government of Liberia requested restructuring of the project to remove the Disbursement Links Indicators (DLIs) which was the major disbursement component of the project. During the restructuring process, most of the activities under the project were suspended, leaving only components 1 and 2 for implementation. The restructuring process got approved on October 14, 2022 and began effective on January 26, 2023.*



**Auditor General’s Position**

1.1.4.7 We acknowledge Management’s acceptance of our finding, recommendation and subsequent adjustment of the financial statements.

**1.1.5 Variance between Telewoyan Cashbook and PBF Remittances**

**Observation**

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

1.1.5.2 During the audit, we observed a variance of US\$17,908.46 between the quarterly PBF incentives remitted by the project management and the PBF incentives recorded in Telewoyan Cashbook for the period under audit. **See details in table 6A and 6B below.**

**Table 6A: Variance b/w PBF recorded in Telewoyan Cashbook and PBF Remittances**

Date	Voucher #	PBF amount per remittances US\$ (A)	Date	PBF amount per Telewoyan Cashbook US\$ (B)	Variance US\$ C=(A-B)
11/19/2021	2022/008	32,148.18	Aug 31,21	32,123.49	24.69
2/23/2022	2022/038	21,631.67	29-Nov-21	32,148.18	(10,516.51)
11/18/2022	2022/186	28,400.28		-	28,400.28
<b>Total</b>		<b>82,180.13</b>		<b>64,271.67</b>	<b>17,908.46</b>

**Risk**

1.1.5.3 The completeness and accuracy of the PBF cashbook and financial reports may not be assured; therefore, the financial reports may be misstated.

1.1.5.4 Management may not account for all transactions of the project.

**Recommendation**

1.1.5.5 Management should provide substantive justification for the variance observed between the PBF incentives remitted and the PBF incentives recorded in Telewoyan Cashbook for the period under audit.

1.1.5.6 An automated control should be established such that transactions (along with supporting documents) recorded by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the cashbook.



1.1.5.7 Management should perform periodic reconciliation between the cashbook and the PBF Financial Reports. Variances identified should be investigated and adjusted where applicable in a timely manner.

**Management's Response**

1.1.5.8 The MOH management of Telleyoyan Hospital note the audit findings and recommendation. We acknowledge the error in recording the amount of US\$21,631.67 on voucher number 2022/038 as US\$ 32,148.18 remitted to us as PBF incentive for the quarter October to December 2021 in our cash book and have taken steps to correct it.

1.1.5.9 The amount of US\$28,400.28 on voucher 2022/186 was not received during the period although it was paid in November 2022. The amount was received in January 2023 which was outside of the audit period.

**Auditor General's Position**

1.1.5.10 We acknowledge Management's assertions and have revised the variance to be adjusted to (US\$10,491.82). See table 6B below for details.

**Table 6 B Variance b/w PBF recorded in Telewoyan Cashbook and PBF Remittances**

Date	Voucher #	PBF amount per remittances US\$ (A)	Date	PBF amount per Telewoyan Cashbook US\$ (B)	Variance US\$ C=(A-B)
11/19/2021	2022/008	32,148.18	Aug 31,21	32,123.49	24.69
2/23/2022	2022/038	21,631.67	29-Nov-21	32,148.18	(10,516.51)
<b>Total</b>		<b>53,779.85</b>		<b>64,271.67</b>	<b>(10,491.82)</b>

**1.1.6 Signing Date of the Financial Statements not Specified**

**Observation**

1.1.6.1 Paragraph 1.4.5. of the Revised Cash Basis IPSAS (November 2017) states "An entity shall disclose the date when the financial statements were authorized for issue and who gave the authorization. If another body has the power to amend the financial statements after issuance, the entity shall disclose that fact.

1.1.6.2 Regulation I.11. of the PFM Act of 2009 as amended and restated 2019, -Annual Government Agency Accounts, states "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia.





1.1.6.3 During the audit, we observed that the project financial statements signed by the Director of Donor Financed Projects and the Health Portfolio Manager did not specify the actual date the financial statements were prepared and signed.

**Risk**

1.1.6.4 Management may be non-compliant with Paragraph 1.4.5. of the IPSAS Cash basis of reporting.

1.1.6.5 Untimely presentation and approval of financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired.

**Recommendation**

1.1.6.6 Management should adjust the financial statements to include the date of preparation of the financial statements adjacent to the signatures of the authorizers.

**Management's Response**

1.1.6.7 *Kindly find attached the revised Financial Statements. Please see Exhibit IV*

**Auditor General's Position**

1.1.6.8 We acknowledge Management's acceptance of our finding, recommendation and subsequent adjustment of the financial statements.

**1.1.7 Administrative and Control Issues**

**1.1.8 Non-Submission of Monthly Bank Reconciliations by Rivercess CHT**

**Observation**

1.1.8.1 Regulation R. 3 (6) of the Amendment and Restated Public Financial Management (PFM) Act of 2009 as amended and restated in 2019, requires that the balance of every bank account as shown in a bank statement be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof.

1.1.8.2 During the audit, we observed that Management did not provide bank statements and bank reconciliation statements for audit review during the period under audit.

**Risk**

1.1.8.3 Failure to prepare bank reconciliation statement may lead to untimely detection of errors, omissions and fraud. Management may not be able to fully account for its cash receipts.

**Recommendation**

1.1.8.4 Management should ensure that monthly bank reconciliation statements are prepared for each account established by the project. The bank reconciliation statements should



indicate the name and title of the preparer and reviewer, as well as the date of preparation and review.

1.1.8.5 Monthly bank reconciliation statements should be prepared and approved by staff with the relevant qualification, experience, and seniority in a timely manner.

1.1.8.6 Monthly bank reconciliation statements should be adequately documented and filed to facilitate future review.

**Management’s Response**

1.1.8.7 *The Rivercess CHT take note of the recommendation and will make the necessary adjustment.*

**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 recommendations during subsequent audit.

**1.1.9 Payment Vouchers not Signed or Acknowledged by Beneficiaries**

**Observation**

1.1.9.1 Section 7.7.9 of the PFMU Financial Procedures Manual of 2020 requires that, before releasing a check to the payee, the administrative assistance should ensure that the beneficiary signs the check release, the Payment Voucher, and check issue register. Further, an official receipt should be obtained for all payment before the check is release.

1.1.9.2 During the audit, we observed that five (5) payment vouchers in the total amount of US\$79,644.64 were released but not signed or acknowledged by the beneficiaries as required by Section 7.7.9 of the PFMU Financial Procedures Manual. **See table 7 below for details.**

**Table 7: Payment vouchers not signed or acknowledged by beneficiaries**

#	Date	PV NO.	Payee	Description	Amount US\$
1	0/08/2022	MOH-1FISH/2022/109	Grand Cape Mount County Health Team	Payment to Support Comm. Engagement	9,005.00
2	1/8/2022	MOH-1FISH/2022/108	Gbarpolu County	Monitoring and Supervision of 19 CASS and CHEP Program	9,766.50
3	9/20/2022	MOH-1FISH/2022/0143	Gbarpolu County Health Team	Payments for PBF Incentives	30,443.14
4	1/8/2022	MOH-1FISH/2022/110	Gbarpolu County Health Team	Support to Community engagement, monitoring and supervision	15,215.00
5	7/19/2022	MOH-1FISH/2022/02	Gbarpolu County Health Team	Support to Community engagement monitoring and supervision	15,215.00
<b>Total</b>					<b>79,644.64</b>





**Risk**

- 1.1.9.3 In the absence of signed payment vouchers, the validity, occurrence and accuracy of payments to beneficiaries may not be assured. This may lead to misappropriation of the project's funds.
- 1.1.9.4 The absence of signed payment vouchers for all transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

**Recommendation**

- 1.1.9.5 Management should ensure that all payment vouchers are signed by the beneficiaries as acknowledgement of receipt of payments.
- 1.1.9.6 Evidence of signed payment vouchers should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.9.7 *The payments highlighted are all Direct Payments. Transfers were made directly to the beneficiaries' accounts. Kindly find evidence showing transfer to their respective accounts. Please see Exhibit III*

**Auditor General's Position**

- 1.1.9.8 Management's assertion did not adequately address the issues raised. Management response is not supported with the acknowledgement of receipts by the beneficiary's signatures on the payment vouchers as required by Section 7.7.9 of the PFMU Financial Procedures Manual. Also, there was no evidence of subsequent receipts issued acknowledging the payments.
- 1.1.9.9 Therefore, we maintain our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.10 Delayed in Project Implementation**

**Observation**

- 1.1.10.1 According to the IFISH Project Implementation Manual, The IFISH Project was approved by the World Bank on May 21, 2020 and became effective on February 2, 2021. The development objective (OPD) of the project is to improve health service delivery to women, children and adolescent in Liberia.
- 1.1.10.2 During the audit, we observed that the implementation of the project activities under "Improve Service Delivery" has not been fully implemented in accordance with approved work plan. The following activities have not been completed in accordance with approved timeline: (i) procurement and installation of equipment for Phrase 1 at the New Redemption Hospital in Caldwell, rural Montserrado County and the design, construction,



and procurement and installation of equipment for phrase 2; (ii) training of undergraduate and postgraduate health personnel;

- i. development of standards and procedures to strengthen the country's health information management system;

1.1.10.3 Consequently, our review of the project annual approved budget indicated significant variance/under disbursement between approved budget and actual expenditures incurred for the implementation of the project components mentioned above. **See table 8 below for details**

**Table 8: Delayed in Project implementation**

Activities with in components	Annual Approved Budget US\$ (A)		Actual Expenditure US\$ (B)	Variance US\$ C=(A-B)	Percentage Variance %
Improve Service Delivery	9,000,203		3,348,950	5,651,253	62.79
<b>Total</b>	<b>9,000,203</b>		<b>3,348,950</b>	<b>5,651,253</b>	

**Risk**

1.1.10.4 Untimely achievement of project deliverable may lead to additional expenditure (fixed costs) of the project.

1.1.10.5 Project objective may not be achieved in the absence of effective project implementation and coordination.

1.1.10.6 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

**Recommendation**

1.1.10.7 Management should ensure that deliverables are implemented in line with project workplan.

1.1.10.8 Management should facilitate adequate coordination, monitoring and evaluation of project activities to ensure project deliverables are implemented in a timely manner.

**Management's Response**

1.1.10.9 *The MOH Management notes the audit observation and recommendation. The delayed in the project implementation is largely due to the restructuring of the project wherein most activities were put on hold. The IFISH project got effective on February 2, 2021.*

1.1.10.10 *When the implementation stated, the Government of Liberian requested restructuring of the project to remove the Disbursement Links Indicators (DLIs) which was the major disbursement component of the project. During the restructuring process, most of the*





*activities under the project were suspended leaving only components 1 and 2 for implementation. The restructuring process got approved on October 14, 2022, and began effective on January 26, 2023.*

**Auditor General's Position**

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

**1.1.11 Delayed Incentive Payments-PBF**

**Observation**

- 1.1.11.1 Article seven (7) of the PBF Contract Agreement requires that the Project Management should ensure that PBF Incentives payments to Hospitals and other health facilities are made no later than 6 weeks after the end of each quarter. Performance payment should be deposited directly to the Hospital designated account.
- 1.1.11.2 During the audit, we observed that Management delayed the payments of the Performance Based Financing (PBF) Incentives to health facilities for the effective implementation of the program for the period under audit.

**Risk**

- 1.1.11.3 Delay in the payment of the PBF Incentives to health facilities may lead to the non-achievement of the project's objectives.

**Recommendation**

- 1.1.11.4 Management should provide substantive justification why the payments of the PBF Incentives to health facilities were delayed for the period under audit.
- 1.1.11.5 Management should ensure timely payments of PBF Incentives to expedite the achievement of the project objectives.

**Management's Response**

- 1.1.11.6 *The MOH Management acknowledges the audit finding and recommendation therein. Management wants to register here that there are several contributing factors including the revised PBF manual that caused delay of incentive payment. According to the processes that lead to payment, the verification agency will start the verification process on the 17th of the preceding month after the quarter for the period of approximately three weeks/21 days to verify results and submit report and invoice for incentive payment. The PBF Unit will take about a week or three to five working days to review, approve and submit the invoice to the PIU for payment authorization.*
- 1.1.11.7 *The PIU will take about two to three working days to complete the internal processing and submit the invoice to PFMU for payment through payment authorization. Once the invoice is submitted to PFMU, it is expected to take five working days to complete the transaction*



*and payment instruction sent to the bank. However, there are also some internal delays in approving payment at PFMU/MFDP. There are also internal delays at our bank in transferring funds to the respective counties and hospitals' accounts given that they have their respective accounts at different banks. With the summary processes and timeline listed above, as well as the difficulties faced in approving payments, it is almost impossible to make payment to hospital and counties within six weeks. However, management will ensure that PBF contract agreements captures reasonable date and try to make timely payment going forward.*

**Auditor General's Position**

- 1.1.11.8 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.12 Unapproved Business Plan at Chief Jallalone Hospital**

**Observation**

- 1.1.12.1 Article 10 of the PBF Agreement requires that the Hospital Medical Director and Administrator should ensure that all payments made to staff and other beneficiaries are signed and supported with a PBF Business Plan.
- 1.1.12.2 During the audit, we observed that the quarterly PBF Incentive Business Plans for July through December 2021 were not signed and approved by Management for the effective implementation of the program as required.

**Risk**

- 1.1.12.3 Management may be non-compliant with Article 10 of the PBF Agreement.
- 1.1.12.4 In the absence of an approved business plan, Management may undertake activities that may not be aligned with the project overall strategic objectives.

**Recommendation**

- 1.1.12.5 Management should facilitate timely approval of the draft business plan to ensure effective operations of health-related projects.
- 1.1.12.6 The approved business plan should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.12.7 *The Management of the Chief Jallone Hospital takes note of the Audit Recommendation above and will do everything necessary to comply with policies, regulations and procedures which will lead to an acceleration or improvement in healthcare service deliveries for the common good of our country Liberia.*





1.1.12.8 *The Chief Jallone Hospital is under obligation to ensure that the PBF Policies and procedures are strictly adhere to. Evident by this, we have attached to this response, the approved copy of the business plan which was developed by the Chief Jallone Hospital for the period under review for your perusal and acceptance.*

1.1.12.9 *To prevent Risk, the Management of the Chief Jallone Hospital will ensure that it undertake activities that are aligned with it project strategic objectives with guidance from an approved Business Plan.*

**Auditor General's Position**

1.1.12.10 We acknowledge Management's subsequent approval and submission of business plan after our audit execution.

1.1.12.11 Going forward, Management should ensure that requested documents for audit purposes are submitted in a timely manner. Management should also ensure that all quarterly approved business plans are adequately documented and filed to facilitate future review.

**1.1.13 Lack of Titles on Payment Vouchers and Monthly Bank Reconciliation Statements**

**Observation**

1.1.13.1 Section 6.5 (3) of the PFMU Financial Manual of 2020, delegates the preparation and review responsibilities to the Assistant Project Accountant (APA) and the Internal Auditor respectively.

1.1.13.2 During the audit, we observed that payment vouchers and monthly bank reconciliation statements prepared by the PFMU did not show the titles of the preparer, reviewer and approver for the period under audit.

**Risk**

1.1.13.3 In the absence of the signature and title of the preparer, segregation of duties may not be assured.

1.1.13.4 The reconciliation may not be performed by personnel with the relevant experience and seniority.

**Recommendation**

1.1.13.5 Management should ensure that the name and title of the preparer and reviewer of the bank reconciliation statements are included on the bank reconciliation statements.

**Management's Response**

1.1.13.6 *The PFMU is in full compliance with sections 6.5.3 and 7.7.6 of the PFMU Financial Procedures Manual. 6.5.3 The PFMU Manager shall ensure that all reconciliation*



*differences are properly and promptly investigated with a view to regularizing them. To this end, all Bank Reconciliation statements prepared by the APA shall be reviewed by the Internal Auditor and approved by the Unit Head or Senior Project Accountant.*

1.1.13.7 *Bank Reconciliation Statements (BRSs) are prepared by Accountants, reviewed by Auditors and approved by the Senior Project Accountant who happens to be the Deputy Director of PFMU.*

**Auditor General's Position**

1.1.13.8 Management's assertion does not address the issue raised. Going forward, Management should ensure that the titles of the preparer, reviewer and approver are displayed on the payment vouchers and the Bank Reconciliation Statements.

1.1.13.9 Therefore, we maintain our findings and recommendation. We will follow-up on the implementation of our recommendations during subsequent audit.

**1.1.14 Error in the Description of CORDAID Payment Requests**

**Observation**

1.1.14.1 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states that "The Procuring Entity shall be responsible for the administration and monitoring of contracts entered into by the Entity. The contract administration functions shall include at least the following:

- a) Ensuring that the contractor complies with the specifications and terms of the contract;
- b) Ensuring that the contract is being performed on schedule; c) Ensuring that, payments made to the contractors are in accordance with the terms of the contract."

1.1.14.2 During the audit, we observed that the description of payment requests for two quarters (April-June 2022 and July-September 2022) was duplicated reflecting quarter two description. **See table 9 below for details:**

**Table 9: Error in the Description of CORDAID Payment Requests**

#	Date	voucher #	Description	Quarter paid	Amount paid US\$
1.	13-Sep-22	2022/137	Payment to Cordaid	April - June 2022	197,772.52
2.	Oct 10,2022	2022/157	Payment to Cordaid	April - June 2022	197,772.52
<b>Total</b>					<b>395,545.04</b>

**Risk**

1.1.14.3 Errors in description of quarterly payment requests may impair understandability, reconciliation and may lead to duplication of payments to contractors.





**Recommendation**

- 1.1.14.4 Management should exercise due diligence in processing payment request in favor of contractors. The description of payments should be consistent with the nature and timing of transactions. A comprehensive review of all transactions by senior management should also be regularized.

**Management's Response**

- 1.1.14.5 *The payment in October 2022 was for Quarter July 2022 to September 2022. The description was a typographical error and will be adjusted accordingly.*

**Auditor General's Position**

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

**1.1.15 Delayed Incentive Payments-Community Health Service Division (CHSD)**

**Observation**

- 1.1.15.1 Section 3 of the IFISH Implementation Manual provides that once overall AWPBs has been approved and received no-objection from the WB. The PIU should notify the CHSD for commencement of activities. The CHSD should proceeds to further notify the implementing County Health Teams. All request regarding the CHA program should be made by the CHSD to the PIU and approved by the immediate supervisory authority or designee. All request must have attached all supporting documentation including the approved work plan attached. Request submitted to PIU for authorization of disbursement should be reviewed in compliance to agreed work plan and supporting documentation. Authorization of payment shall be done by the PIU to the PFMU within maximum of three working days PFMU shall process activity payment and make disbursement within a duration of maximum five (5) working days consistent with the Financial Management Manual.

- 1.1.15.2 During the audit, we observed that Management delayed the payments of the Community Health Services Incentives to health facilities for the effective implementation of the program during the period under audit.

**Risk**

- 1.1.15.3 Delay in the payment of the CHS Incentives to health facilities may lead to the non-achievement of the project's objectives.

**Recommendation**

- 1.1.15.4 Management should provide substantive justification why the payments of the CHS Incentives to health facilities were delayed for the period under audit.
- 1.1.15.5 Management should ensure timely payments of CHS Incentives to expedite the achievement of the project objectives.



**Management's Response**

- 1.1.15.6 *The MOH Management notes the audit finding and recommendation therein. Management wants to register here that there are several contributing factors including the revised process for incentive payment. The process requires the payroll for incentive payment to CHAs and CHSSs should come from the two counties (Gbarpolu and Grand Cape Mount) and submitted to the Community Health Division. The Division will take three to five working days to submit the payment request to the PIU for processing. The PIU will take about two to five working days to complete the internal processing including processing and approving the consolidated payroll and submit payment authorization to the PFMU for payment. CHSSs payment are made to their respective bank account, while CHAs payment are made through Mobile Money.*
- 1.1.15.7 *There has been consistent delay from the counties in submitting the payroll on time to the Community Health Division from processing. There are also some internal delays in approving payment at PFMU/MFDP and our bank in transferring funds to the individual accounts given that they have their respective accounts at different banks. Additionally, there are also delay from Lonestar Mobile Money team to pick up checks processed from PFMU and uploading our mobile money account to enable us make payments to the beneficiaries.*

**Auditor General's Position**

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

**1.1.16 No Evidence of Business Plan at Telewoyan Hospital**

**Observation**

- 1.1.16.1 Article 10 of the PBF Agreement required that the Hospital Medical Director and Administrator should ensure that all payments made to staff and other beneficiaries are signed and supported with a Business Plan.
- 1.1.16.2 During the audit, we observed that the PBF incentive Business Plan for quarter three and four (July through December 2022) were not provided by Management for the effective implementation of the program.

**Risk**

- 1.1.16.3 Management may be non-compliant with Article 10 of the PBF Agreement.
- 1.1.16.4 In the absence of quarterly business plan, Management may undertake activities that may not be aligned with the project overall strategic objectives.



**Recommendation**

- 1.1.16.5 Management should develop, approve and operationalized a comprehensive business plan to ensure effective operations of health-related projects.
- 1.1.16.6 The approved business plan should be adequately documented and filed to facilitate future review.

**Management's Response**

- 1.1.16.7 *The management of the Tellewoyan Hospital acknowledge the Audit Recommendation above and will do everything necessary to comply with policies, regulations and procedures which will lead to an acceleration or improvement in healthcare service deliveries for the common good of our country Liberia.*
- 1.1.16.8 *The Management of Telewoyan Hospital is under obligation to ensure that the PBF Policies and procedures are strictly adhere to. Evident by this, we have attached to this response, the approved copy of the business plan which was developed by Telewoyan for the period under review for your perusal and acceptance.*

**Auditor General's Position**

- 1.1.16.9 We acknowledge Management's subsequent approval and submission of business plan after our audit execution.