



Management Letter

ON THE FINANCIAL STATEMENTS AUDIT OF THE MINISTRY OF TRANSPORT

For the Period July 1, 2018 to June 30, 2019



Promoting Accountability of Public Resources

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

Monrovia, Liberia
December 2022

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Acronyms

| Acronyms/Abbreviation/Symbols | Meaning |
|-------------------------------|--|
| ACCA | Association of Chartered Certified Accountants |
| AFP | Audit Focal Person |
| AG | Auditor General |
| CBL | Central Bank of Liberia |
| CFC | Combined Federal Campaign |
| CFIP | Certified Forensic Investigation Professionals |
| CSA | Civil Service Agency |
| DL | Driver's License |
| DMA | Deputy Minister for Administration |
| EV | Electronic Voucher |
| EWS | Early Warning System |
| FAR | Fixed Asset Register |
| FS | Financial Report |
| GEF | Global Environment Facility |
| GOL | Government of Liberia |
| GSA | General Service Agency |
| IAA | Internal Audit Agency |
| IBLL | International Bank Liberia Limited |
| LNP | Liberia National Police |
| LRA | Liberia Revenue Authority |
| LRD | Liberian Dollars |
| MFDP | Ministry of Finance and Development Planning |
| MOT | Ministry of Transport |
| MOU | Memorandum of Understanding |
| NASSCORP | National Social Security & Welfare Corporation |
| PFM | Public Financial Management Act |
| PPCC | Public Procurement and Concession Commission |
| QBP | Quarterly Budget Performance Report |
| UNDP | United Nation Development Program |

December 30, 2022

Hon. Samuel A. Wlue
Minister
Ministry of Transport
Carey & Warren Streets
Monrovia, Liberia

Dear Hon. Wlue:

Re: Management Letter on the Financial Statement Audit of the Ministry of Transport for the fiscal year ended June 30, 2019.

The Financial Statements of the Ministry of Transport (MoT) for the fiscal year ended June 30, 2019 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 as well as in accordance with the Public Financial Management Act and Regulations of 2009.

INTRODUCTION

The audit of the MoT financial statements for the fiscal year ended June 30, 2019 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

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

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

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

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Management of the Ministry of Transport. Our responsibility is to express our opinion on these financial statements.

Key Management Personnel of the MoT

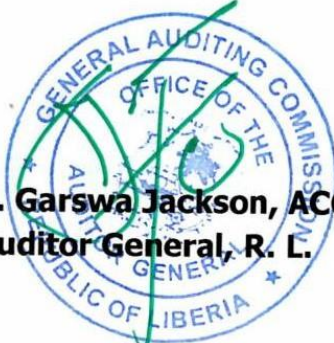
The Ministry of Transport has the following personnel who handled the administrative and financial affairs of the institution for the period under audit.

Table: 1 Key Management Personnel of the MoT

| # | Name | Title / Position Held | Period |
|----|---------------------|---|-------------------------------|
| 1. | Samuel A. Wlue | Minister | July 1, 2019 to present |
| 2. | Sirleaf R. Tyler | Deputy Minister for Admin and Insurance | July 1, 2019 to June 30, 2020 |
| 3. | J. Darius Kollie | Deputy Minister for Land & Rail | July 1, 2019 to June 30, 2020 |
| 4. | Nuwoe A.D. Scott | Asst. Minister for Admin. And Insurance | July 1, 2019 to June 30, 2020 |
| 5. | Joseph Roberts | Asst. Minister Land & Rail | July 1, 2019 to June 30, 2020 |
| 6. | Hannah G.L. Sheriff | Human Resources Director | July 1, 2019 to June 30, 2020 |
| 7. | Shelton K. Dowaity | Financial Comptroller | July 1, 2018 to June 30, 2019 |

APPRECIATION

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and staff of the Ministry of Transport during the conduct of the audit.


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

Monrovia, Liberia

December 2022

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Statement of Comparison of Budget and Actual Amount not reconciled to Statement of Receipts and Payments

Observation

- 1.1.1.1 Section 36(1) of the PFM Act of 2009 states "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister".
- 1.1.1.2 Additionally, Section 1.3.27 of IPSAS Cash Basis of Accounting requires that financial statements shall present information that is:
- i. Understandable;
 - ii. (b) Relevant to the decision-making and accountability needs of users;
 - iii. (c) A faithful representation of the cash receipts, cash payments and cash balances of the entity and the other information disclosed in the financial statement in that it is:
 - Complete;
 - Neutral and
 - Free from material error;
- 1.1.1.3 During the audit, we observed a variance of US\$34,616.35 between the actual expenditure reported in the Statement of Comparison of Budget and Actual Amount and the figures reported in the Statement of Receipts and Payments for goods and services. **See table 1 below for details.**

Table 1: Statement of Comparison of Budget and Actual Amount not reconciled to Statement of Receipts and Payments

| Comparison of budget and actual (A) US\$ | Receipts and Payments (B) US\$ | Variance (C)=A-B US\$ |
|--|--------------------------------------|-----------------------------|
| 696,693.75 | 662,077.40 | 34,616.35 |

Risk

- 1.1.1.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.
- 1.1.1.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.1.6 Management should adjust the financial statements by the variance observed between the Statement of Comparison of Budget and Actual Amount and the Statement of Receipts and Payments for goods and services.

- 1.1.1.7 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger and the financial statements to facilitate completeness and accuracy of the financial statements.

Management's Response

- 1.1.1.8 *The MOT Management notes the audit Findings and recommendation. Management has already adjusted the financial statements by the variance noted between the Statement of Comparison of Budget and Actual Amount and the Statement of Receipts and Payments for goods and services for actual expenditures.*

- 1.1.1.9 *Going forward, an automated linkage will be created between the general ledger and the financial statements to facilitate completeness and accuracy of the financial statements.*

Auditor General's Position

- 1.1.1.10 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.1.11 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019. Therefore, we maintain our findings and recommendations.

1.1.2 Variance between Financial Statements and Insurance Sticker Report

Observation

- 1.1.2.1 Regulation I.6.2 of the PFM Act of 2009 required that the documents and records pertaining to the collection of revenue, the control of expenditure, the administration of trust funds, the management of government movable and immovable assets, stores and inventories, and such other financial business as may be made the responsibility of government agencies shall be termed other government accounts and shall be kept by heads of government agencies.
- 1.1.2.2 Additionally, Regulation B.8 (1) of the PFM Act of 2009 states "(1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".
- 1.1.2.3 During the audit, we observed a variance of US\$2,000 between the revenue figures reported in the financial statements for insurance sticker and the revenue figures recorded in the insurance sticker report. **See table 2 below for details.**

Table 2: Variance between Financial Statements and Insurance Sticker Report

| Quantity (A) | GoL Share US\$ (B) | Unit Price US\$ (C) | Amount Per Financial Statements (D) US\$ | Amount per Insurance Stickers Report (E) US\$ | Variance (F=D-E) US\$ |
|-----------------|--------------------------|------------------------------|--|---|-----------------------------|
| 27,200 | 8.00 Per Qty. | 15.00 | 215,600.00 | 217,600.00 | (2,000.00) |
| Total | | | 215,600.00 | 217,600.00 | (2,000.00) |

Risk

- 1.1.2.4 The completeness and accuracy of the revenue on insurance sticker report may not be assured; therefore, the financial statements may be misstated.
- 1.1.2.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.2.6 Management should provide justification for the variance noted between the financial statements and the revenue report on insurance sticker report.
- 1.1.2.7 Management should perform periodic (monthly) reconciliation between the financial statement, the revenue (insurance sticker report), and the bank statements. Variances identified should be investigated and adjusted in a timely manner.
- 1.1.2.8 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.2.9 Management should facilitate the automated linkage of the revenue reporting software to the general ledger to provide consistency in revenue reporting.

Management's Response

- 1.1.2.10 *The MOT Management notes the audit findings and recommendation. Management wishes to indicate to the GAC that the figure reported by the Bureau of Insurance for Insurance Sticker was based on the report submitted to the institution by GTBank-Liberia. As you may be aware, GTBank is the custodian of the Insurance Stickers Funds.*
- 1.1.2.11 *The agreement of the insurance sticker funds clearly shows that eight (8) dollars go to GOL, six (6) dollars for the insurance company and one (1) dollar for GTBank Liberia.*
- 1.1.2.12 *However, third party confirmation can be obtained from GTBank and LRA, since they are the custodian and collector respectively of the funds. The revenue sharing is the sole responsibility of GTBank. The MOT Management plays regulatory role and enforces the collection of insurance sticker revenue but the LRA/MFDP and the GTBank are the accounting institutions as regards the revenue sharing on the insurance stickers.*

1.1.2.13 However, management takes note of the audit recommendation and will going forward, engage the accounting institutions in the revenue stickers arrangement so that management can obtain for reporting purposes, financial statements for periodic (monthly) reconciliation between the financial statement, the revenue (insurance sticker report), and the bank statements will be carried out and any variance recognized will be investigated and adjusted in a timely manner.

Auditor General's Position

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

1.1.2.15 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.3 Non-Submission of Bank Statements for Revenue

Observation

1.1.3.1 Paragraph four (4), page 42 of the MoT Accounting, Financial and Procurement Manual required that in an effort to inform the Minister about the financial position and operations of the Ministry of Transport, the following financial reports should be prepared and submitted as stated:

1.1.3.2 Cash flow statement, bank reconciliation statement, allotment consolidation statement and revenue generation report should be prepared monthly while budget performance be reported quarterly.

1.1.3.3 Additionally, Regulation B.8 (1) of the PFM Act of 2009 states "(1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".

1.1.3.4 During the audit, we did not receive bank statements for the following revenue sources despite several/numerous communication and follow-up from the Office of the Auditor General to Management and the respective banking institutions;

- ✓ Motor Vehicle Plate Registration
- ✓ Insurance stickers and Certificate
- ✓ Eligibility certificate

1.1.3.5 Also, the revenue collection reports submitted for our verification, did not reconciled with total revenue reported in the financial statements. As the result of these discrepancy, we could not establish assurance over the completeness, occurrence and accuracy of revenue reported.

Risk

- 1.1.3.6 The completeness, occurrence and accuracy of revenue may not be assured; therefore, revenue may be misstated.
- 1.1.3.7 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.3.8 Management should provide substantive justification why there was no bank statements to validate revenue generated for vehicle registration, insurance stickers, and eligibility certificate.
- 1.1.3.9 Management should perform periodic (monthly) reconciliation between the financial statement, the revenue reports, and the bank statements. Variances identified should be investigated and adjusted in a timely manner.
- 1.1.3.10 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.3.11 Management should facilitate the automated linkage of the revenue reporting software to provide consistency in revenue reporting.

Management's Response

- 1.1.3.12 *The MOT Management notes the audit Findings and recommendation. However, Management wish to indicate to the GAC that the Ministry of Transport is not a custodian of GOL Revenue Funds. The Ministry is responsible to ensure that the collections of GOL Revenue for Motor Vehicle Registration, Driver Licensees, Insurance Stickers and Eligibility Certificate are enforced.*
- 1.1.3.13 *Funding from these revenue sources is not kept or managed by the MOT. The payments for Insurance Stickers are made to GTBank and payments for driver license's goes to International Bank Liberia Limited while payments for Eligibility Certificate and Motor Vehicle Registrations goes to the consolidated accounts at the CBL by the arrangement authorized by LRA and the Ministry of Finance and Development Planning (MFDP).*
- 1.1.3.14 *Therefore, bank statements for these revenue sources can be obtained from the above indicated banking institutions and LRA/MFDP mentioned that manage and control the fund.*

Auditor General's Position

- 1.1.3.15 We acknowledge Management's assertions. However, Article one (1) sub section eight (8) of the revenue sharing agreement on insurance stickers and certificates requires that GTBank provides weekly financial report regarding the sales of insurance stickers and certificates. Said report shall be subject to review and verification by the parties. This provision mandates that Management should have access to bank statements to reconcile its reports, exercise adequate stewardship over revenue collection, and for check and balance purposes.

1.1.3.16 Management provided bank statements for drivers' licenses covering the fiscal year 2019/2020 consistent with Article one (1) sub section eight (8) of the revenue sharing agreement. However, Management did not provide bank statements for Motor Vehicle Registration, Insurance Stickers and Eligibility Certificate.

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

1.1.4 Variance between Financial Statements and vehicle Registration Report

Observation

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

1.1.4.2 Additionally, Paragraph four (4), page 42 of the MoT Accounting, Financial and Procurement Manual required that in an effort to inform the Minister about the financial position and operations of the Ministry of Transport, the following financial reports should be prepared and submitted as stated:

1.1.4.3 Cash flow statement, bank reconciliation statement, allotment consolidation statement and revenue generation report should be prepared monthly while budget performance be reported quarterly.

1.1.4.4 During the audit, we observed that Management reported US\$1,010,274.46 as revenue generated from five (5) decentralized counties for motor vehicle registration. However, we did not receive revenue report for Montserrado County on Motor vehicle registration. **See tables 3 & 4 below for details.**

Table 3: Variance between Financial Statements and vehicle Registration Report

| Amount Per Financial Statements (A) US\$ | Amount per vehicle registration Report (B) US\$ | Variance (C=A-B) US\$ |
|--|---|-----------------------------|
| 6,073,972 | 1,010,274.46 | 5,063,697.54 |

Table 4 Details of Vehicle Registration Report

| No | County | Description | Amount US\$ | Amount L\$ | L\$ converted to US\$ at the rate of 162 | Total amount in US\$ |
|--------------|-------------|-----------------------------|-------------------|----------------------|--|----------------------|
| 1. | Montserrado | Annual Vehicle Registration | - | - | - | - |
| 2. | Margibi | Annual Vehicle Registration | 343,460.10 | 9,056,620.65 | 55,905.07 | 399,365.17 |
| 3. | Nimba | Annual Vehicle Registration | 52,620.40 | 16,962,805.24 | 104,708.67 | 157,329.07 |
| 4. | Grand Gedeh | Annual Vehicle Registration | 12,537.07 | 4,062,279.83 | 25,075.80 | 37,612.87 |
| 5. | Grand Bassa | Annual Vehicle Registration | 249,629.06 | 4,853,830.88 | 29,961.92 | 279,590.98 |
| 6. | Bong | Annual Vehicle Registration | 46,041.70 | 14,634,216.10 | 90,334.67 | 136,376.37 |
| Total | | | 704,288.33 | 49,569,752.70 | 305,986.13 | 1,010,274.46 |

1.1.4.5 Further, a variance of US\$5,063,697.54 was observed between the revenue figure reported in the financial statements and the revenue figure recorded in the vehicle registration report.

Risk

1.1.4.6 The completeness and accuracy of the revenue on motor vehicle registration may not be assured; therefore, the financial statements may be misstated.

1.1.4.7 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

1.1.4.8 Management should provide justification why there was no revenue report to validate revenue generated for vehicle registration from Montserrado County.

1.1.4.9 Management should perform periodic (monthly) reconciliation between the financial statement, the revenue reports. Variances recognized should be investigated and adjusted in a timely manner.

1.1.4.10 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.

1.1.4.11 Management should facilitate the automated linkage of the revenue reporting software to provide consistency in revenue reporting.

Management's Response

- 1.1.4.12 *The MOT Management notes the audit Findings and recommendation. However, management wishes to inform the GAC that the variance observed between the financial statements and the revenue report on motor vehicle registration was attributed to the fact that transport related revenue collected by LRA outside of MOT established automated system for driver licenses, license plates, eligibility certificates and annual registration are not reported in the vehicle registration report of MOT.*
- 1.1.4.13 *However, going forward management will ensure the reconciliation between and MOT records and that of LRA for inclusive reporting on the revenue generation.*

Auditor General's Position

- 1.1.4.14 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.4.15 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.5 Variance between Bank Statements and Financial Statements for Driver Licenses

Observation

- 1.1.5.1 Regulation I.6.2 of the PFM Act of 2009 required that the documents and records pertaining to the collection of revenue, the control of expenditure, the administration of trust funds, the management of government movable and immovable assets, stores and inventories, and such other financial business as may be made the responsibility of government agencies shall be termed other government accounts and shall be kept by heads of government agencies.
- 1.1.5.2 Additionally, Regulation B.8 (1) of the PFM Act of 2009 states "(1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".
- 1.1.5.3 During the audit, a variance of US\$326,223.53 was observed between the revenue figure reported in the financial statements for driver licenses and the revenue figure reported in the bank statements for driver licenses. **See table 5 below for details.**

Table 5: Variance between Bank Statements and Financial Statements for Driver Licenses

| GoL Share US\$ | Amount Per Financial Statements (A) US\$ | Amount per Bank statements (B) US\$ | Variance (C=A-B) US\$ |
|-------------------|---|--|-----------------------------|
| 60% of total | 899,029.00 | 572,805.47 | 326,223.53 |
| Total | 899,029.00 | 572,805.47 | 326,223.53 |

Risk

- 1.1.5.4 The completeness and accuracy of the revenue on driver's licenses may not be assured; therefore, the financial statements may be misstated.
- 1.1.5.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.5.6 Management should provide justification for the variance noted between the financial statements and the bank statements for revenue on driver licenses.
- 1.1.5.7 Management should perform periodic (monthly) reconciliation between the financial statement, the revenue report on driver's license, and the bank statements. Variances identified should be investigated and adjusted in a timely manner.
- 1.1.5.8 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.5.9 Management should facilitate automated linkage of the revenue reporting software to the general ledger provide consistency in revenue reporting.

Management's Response

- 1.1.5.10 *The MOT Management notes the audit Findings and recommendation. Nevertheless, Management wishes to indicate to the GAC that LRA and the Ministry of Finance and Development Planning (MFDP) are the GOL agencies which manage and control every transport related revenue in particular arrangement for the receipt of bank statements are controlled by both entities. Management responsibility is to report on the issuance and registration of those various transport revenue instruments.*
- 1.1.5.11 *Therefore, the Management of MOT will engage the LRA and MFDP to be able to obtain statements directly from the bank(s) for reconciliation and reporting purposes going forward.*

Auditor General's Position

- 1.1.5.12 Management's assertion did not adequately address the issue raised. It is Management's responsibility to ensure that figures reported in its financial statements reconcile with figures recorded in the bank statements for driver licenses to ascertain the completeness, occurrence and accuracy of revenue for driver licenses. By doing so, Management would exercise adequate stewardship over revenue collection, and for check and balance purposes.
- 1.1.5.13 Additionally, Section 36(1) of the PFM Act of 2009 requires that it is a general responsibility for all government officials handling public financial transactions to ensure that financial information is reported in a comprehensive and accurate manner.

1.1.5.14 Further, Section 1.3.27 of IPSAS Cash Basis of Accounting requires that financial statements shall present information that is faithful representation of the cash receipts of the entity and the other information disclosed in the financial statement in that it is complete and free from material error.

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

1.1.6 Variance between Financial Statements and Eligibility Certificate Report

Observation

1.1.6.1 Regulation I.6.2 of the PFM Act of 2009 required that the documents and records pertaining to the collection of revenue, the control of expenditure, the administration of trust funds, the management of government movable and immovable assets, stores and inventories, and such other financial business as may be made the responsibility of government agencies shall be termed other government accounts and shall be kept by heads of government agencies.

1.1.6.2 Additionally, Regulation B.8 (1) of the PFM Act of 2009 states "(1) All public moneys collected and retained by a government agency, shall be paid in gross into the designated bank accounts and no use shall be made by any public officer of monies collected in any manner between the time of its receipts and payment into the bank except as provided by an enactment".

1.1.6.3 During the audit, a variance of US\$38,868.14 was observed between the revenue figure reported in the financial statements for Eligibility Certificate and the revenue figure recorded in the Eligibility Certificates Report for the period under audit. **See table 6 & 7 below for details.**

Table 6: Variance between Financial Statements and Eligibility Certificate Report

| Amount Per Financial Statements (A) US\$ | Amount Per Eligibility Certificate Report (B) US\$ | Variance (C=A-B) US\$ |
|--|---|-----------------------------|
| 155,554.00 | 116,685.86 | 38,868.14 |
| 155,554.00 | 116,685.86 | 38,868.14 |

Table 7: Details of Eligibility Report

| MOT Eligibility Certificate Analysis for the period ended June 30, 2019 | | | | | |
|---|-------------------------|-----------------|-----|--------------------|------------|
| Rev. Code | Rev. Source | Month | Qty | Eligibility Report | |
| | | | | US\$ | L\$ |
| 142794 | Eligibility Certificate | July, 2018 | 58 | 8,850.00 | 290,200.00 |
| 142794 | Eligibility Certificate | August, 2018 | 44 | 5,500.00 | 214,600.00 |
| 142794 | Eligibility Certificate | September, 2018 | 27 | 5,750.00 | 29,600.00 |

| MOT Eligibility Certificate Analysis for the period ended June 30, 2019 | | | | | |
|--|-------------------------|----------------|------------|---------------------------|---------------------|
| Rev. Code | Rev. Source | Month | Qty | Eligibility Report | |
| 142794 | Eligibility Certificate | October, 2018 | 31 | 7,400.00 | 847,220.00 |
| 142794 | Eligibility Certificate | November, 2018 | 23 | 5,550.00 | 107,828.00 |
| 142794 | Eligibility Certificate | December, 2018 | 25 | 8,800.00 | 739,392.00 |
| 142794 | Eligibility Certificate | January, 2019 | 31 | 11,400.00 | 30,808.00 |
| 142794 | Eligibility Certificate | February, 2019 | 46 | 10,800.00 | 61,616.00 |
| 142794 | Eligibility Certificate | March, 2019 | 93 | 18,200.00 | 92,424.00 |
| 142794 | Eligibility Certificate | April, 2019 | 42 | 6,350.00 | 46,212.00 |
| 142794 | Eligibility Certificate | May, 2019 | 25 | 4,850.00 | 198,060.00 |
| 142794 | Eligibility Certificate | June, 2019 | 30 | 6,000.00 | 134,250.00 |
| Total | | | 475 | 99,450.00 | 2,792,210.00 |
| L\$ Converted @162 | | | | 17,235.86 | |
| Grand total in US\$ | | | | 116,685.86 | |

Risk

- 1.1.6.4 The completeness and accuracy of the revenue on eligibility certificate report may not be assured; therefore, the financial statements may be misstated.
- 1.1.6.5 A misstated financial statement may facilitate fraudulent financial reporting and mislead the users of the financial statements.

Recommendation

- 1.1.6.6 Management should provide substantive justification for the variance noted between the financial statements and the revenue on eligibility certificate report.
- 1.1.6.7 Management should perform periodic (monthly) reconciliation between the financial statement, the revenue on eligibility certificate report and the bank statements. Variances identified should be investigated and adjusted in a timely manner.
- 1.1.6.8 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.6.9 Management should facilitate the automated linkage of the revenue reporting software to the general ledger to provide consistency in revenue reporting.

Management's Response

- 1.1.6.10 *The MOT Management notes the audit Findings and recommendation. Management*

observed the variance between the financial statements and the Eligibility Certificate Report. However, payments for Eligibility Certificate Report were made in both United States and Liberian Dollars and deposited at the consolidated Account.

1.1.6.11 *Going forward, an automated linkage will also be created between the Eligibility Certificate Report and the financial statements to facilitate completeness and accuracy of the financial statements.*

Auditor General's Position

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

1.1.6.13 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009 as amended and restated 2019.

1.1.7 Irregularities Noted with Fuel and Lubricant

Observation

1.1.7.1 The Committee of Sponsoring Organizations of the Tread way Commission (COSO) Internal Control Framework on control activities stipulates that all organizations should deploy control activities through policies that establish what is expected and procedures that put policies into action.

1.1.7.2 Additionally, Regulations P.9 (2) of the Public Finance Management (PFM) Act of 2009 states "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".

1.1.7.3 During the audit, we observed that Management procured US\$45,795.30 worth of fuel for the Ministry operations without evidence of an approved policy on fuel/ gasoline distribution.

Risk

1.1.1.1 Distribution of fuel/gasoline could be carried out arbitrarily in the absence of a formal policy to guide the distribution and consumption process.

1.1.7.4 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments cannot be assured. This may lead to misappropriation of the ministry's funds.

1.1.7.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transaction.

1.1.7.6 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

Recommendation

- 1.1.7.7 Management should develop, approve and operationalize the fuel management policy to ensure that fuel distribution is consistent with the quantity allocated as per the fuel policy.
- 1.1.7.8 Management should conduct periodic reconciliation between the fuel procured, distributed, and reported in the financial statements. Variances identified should be adjusted (where applicable) in a timely manner.
- 1.1.1.2 Evidence of approved fuel management policy and reconciliations performed should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.3 *The MOT Management take notes of the audit findings. Management will craft and approved policy on fuel/ gasoline distribution and copy of the policy will be submitted to your office upon approval.*

Auditor General's Position

- 1.1.1.4 We acknowledge receipt of documents subsequently provided by Management which differed from fuel expenditure documentation presented during the audit. Further, Management presentation of documentation after our audit execution does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.1.5 Therefore, we maintain our recommendations.

1.1.8 Irregularities noted with Techno Brain Contract

Observation

- 1.1.1.6 Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010 states "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:
- Ensuring that the contractor complies with the specifications and terms of the contract;
 - Ensuring that the contract is being performed on schedule;
 - Ensuring that, payments made to the contractors are in accordance with the terms of the contract."
- 1.1.1.7 On August 7th, 2017, a memorandum of understanding was signed between the GoL represented by MoT, MFDP, LRA, and Techno Brain Global FZE, including International Bank Liberia Limited. The MOU was intended for Techno Brain Global FZE to carry out the automation of Driver's License and Vehicle Registration Services at the MoT for the period of five (5) years.
- 1.1.1.8 The MOU also indicated that sixty percent (60%) of the revenue collected goes to GoL and forty percent (40%) to Techno Brain Global FZE as distribution from the transitory account maintained at IBLL on a monthly basis. The parties also agreed and paid

US\$343,841.95 to Techno Brain Global FZE as additional compensation for the provision and maintenance of internet connectivity at six (6) locations to be identified by the MoT during the five (5) years duration of the contract.

1.1.1.9 Additionally, the contract document indicated that Techno Brain Global shall provide two (2) heavy duty tow trucks for the MoT to facilitate enforcement and compliance of vehicle registration.

1.1.1.10 During the audit, we observed that Techno Brain Management failed to comply with the MOU. For instance, there was no evidence that Techno Brain provided the two (2) tow trucks and carried out the installation of internet connectivity outside Montserrado to facilitate the enforcement of revenue collection.

Risk

1.1.1.11 Management failure to ensure that contractor comply with the contract agreement may impair the achievement of the contract objectives.

Recommendation

1.1.1.12 Management should provide substantive justification why Techno Brain Global FZE has not provided the two (2) heavy duty trucks to facilitate the enforcement of revenue collection.

1.1.1.13 Management should also provide substantive justification why Techno Brain Global FZE has not provided the internet connectivity at the six (6) locations outside Montserrado as agreed in the contract to facilitate the collection of revenue.

1.1.1.14 Going forward, Management should ensure that all terms and agreement of authorized contract are complied with before final disbursement to the vendors are made.

Management's Response

1.1.1.15 *The MOT Management acknowledges the audit Findings. The Management also wants to register here that all procurement activities relating to contracts are carried out as per the PPCC Act of 2010.*

1.1.1.16 *The MOT Management wishes to clarify that it is not its intention to engage in noncompliance with statutory regulations as well as not ensuring that the contractor complies with the terms and conditions of the contract. Management had always endeavored in ensuring that contractors compile with the term and all conditions of contracts at the MOT.*

1.1.1.17 *However, MOT Management notes the audit observation and will ensure implementation of the audit recommendation.*

Auditor General's Position

1.1.1.18 Management's assertion did not adequately address the issues raised. Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.

1.1.1.19 Further, Management is in breach of Section 41 (1) (a) to (c) of the Amended and Restated Public Procurement and Concessions (PPC) Act of 2010.

1.1.1 Irregularities Associated with Fixed Asset Management

Observation

1.1.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:

- the date and other details of the voucher or other document on which the items were received or issued;
- their serial numbers where appropriate; and
- their distribution to individual locations and the total quantity held."

1.1.1.2 During the audit, we observed the following irregularities associated with the Fixed Assets Management System:

- There was no evidence of a fixed assets management policy.
- The fixed assets register did not contain all the relevant columns.
- The fixed assets register was not regularly updated.
- There was no evidence of periodic physical verification of assets by Management
- There was no evidence of movement of assets form.
- There was no history of disposal of assets.
- Some of the Agency's fixed assets were not coded.

1.1.1.3 Additionally, it was observed that Management did not maintain a comprehensive Fixed Assets Register (FAR) that would show serial number, date of purchase and cost and current condition (For example the current condition of the weigh bridge). **See Table 11,12 and 13 below for details**

Table 11: Irregularities Associated with Fixed Asset Management

| No# | Name of Assets | Location | Asset status of Coding | Condition |
|-----|---------------------------|-------------|------------------------|--------------|
| 1. | Computer Desktop/Dell | DMA/SA | Not coded | Good |
| 2. | Semi executive Chair | HR Office | Not coded | Good |
| 3. | Printer (Canon) | HR Office | Not coded | No condition |
| 4. | Desktop computer | HR Office | Not coded | Good |
| 5. | Printer (Canon) | HR Office | Not coded | Good |
| 6. | Air-condition (Gibson) | INSP | Not coded | No condition |
| 7. | Printer (Canon) | INSP | Not coded | Good |
| 8. | Printer | DL | Not coded | Good |
| 9. | Desktop (Dell) | DL | Not coded | No condition |
| 10. | Air-condition | LRT | Not coded | Good |
| 11. | Generator (150KVA Perkin) | Maintenance | Not coded | Good |
| 12. | Conference Table | Conf. Room | Not coded | No condition |
| 13. | Executive Chair | PPP | Not coded | Good |
| 14. | Computer | Maintenance | Not coded | Good |
| 15. | Computer | Maintenance | Not coded | No condition |

Table 12: Irregularities Associated with Fixed Asset Management

| No. | Asset Description | GSA Coding | Asset's location | Condition |
|-----|-----------------------|---------------------|------------------|-----------|
| 1. | Computer Desktop/DELL | GSA -MOT—DMA-297-5 | DMA OFFICE | Damaged |
| 2. | Desktop | GSA-MOT-RSIM-297-4 | RSIM | Damaged |
| 3. | Printer (Canon) | GSA-MOT-RSIM-600-2 | RSIM | Damaged |
| 4. | Semi Executive Chair | GSA-AM-D-420-1 | AM-DIR | Damaged |
| 5. | Computer (DELL) | GSA-MOT-IA-297-3 | IA | Damaged |
| 6. | Computer (DELL) | GSA-MOT-IA-297-4 | IA | Damaged |
| 7. | Computer (DELL) | GSA-MOT-IA-297-2 | IA | Damaged |
| 8. | Computer (DELL) | GSA-MOT-IA-297-2 | IA | Damaged |
| 9. | Printer (HP) | GSA-MOT-IA-6002-1 | IA | Damaged |
| 10. | Printer (Canon) | GSA-MOT-6002-2 | IA | Damaged |
| 11. | Desktop (DELL) | GSA-MOT-BOI-297-2 | BOI | Damaged |
| 12. | Printer (HP) | GSA-MOT-DIR-600-1 | Security | Damaged |
| 13. | Desktop (LENOVO) | GSA-MOT-ML—CD-297-1 | Security | Damaged |
| 14. | Computer/Desktop | GSA-MOT-LMS-297-1 | MET | Damaged |
| 15. | Computer/Desktop | GSA-MOT-LMS-297-2 | MET | Damaged |
| 16. | CPU/DELL | GSA-MOT-CS-297-2 | C/S | Damaged |

Table 13: Irregularities Associated with Fixed Asset Management

| No. | Asset Description | GSA Coding | Assets location | Existence |
|-----|-------------------------|----------------------|-----------------|--|
| 1. | Computer Desktop/Dell | GSA -MOT—DMA-297-6 | DMA Office | Not seen during physical verification by GAC |
| 2. | Computer Desktop/Dell | GSA -MOT—DMA-297-4 | DMA Office | Not seen during physical verification by GAC |
| 3. | Desk Semi Executive | GSA-MOT-SA-420-6 | DMA Office E | Not seen during physical verification by GAC |
| 4. | Air-Condition (Gibson) | GSA-MOT-031-1 | DMA Office | Not seen during physical verification by GAC |
| 5. | Air-Condition (Gibson) | GSA-MOT-031-3 | DMA Office E | Not seen during physical verification by GAC |
| 6. | Air-Condition (Aftron) | GSA-MOT-AMA-031-01 | AMA Office | Not seen during physical verification by GAC |
| 7. | Icebox (Gibson) | GSA-MOT-AMA-740-1 | AMA Office | Not seen during physical verification by GAC |
| 8. | Printer (HP) | GSA-MOT-AMLRT-600-1 | AML Office | Not seen during physical verification by GAC |
| 9. | Air Condition (Gibson) | GSA-MOT-TR-031-2 | TR | Not seen during physical verification by GAC |
| 10. | Computer Desktop (Dell) | GSA-MOT-TR-600-1 | TR | Not seen during physical verification by GAC |
| 11. | Wooden Desk | GSA-MOT-T-420-4 | TR | Not seen during physical verification by GAC |
| 12. | Wooden Desk | GSA-MOT-T-420-5 | TR | Not seen during physical verification by GAC |
| 13. | Printer (Canon) | GSA-MOT-IT-600-4 | IT | Not seen during physical verification by GAC |
| 14. | CPU (Lenovo) | GSA-MOT-IT-297-3 | IT | Not seen during physical verification by GAC |
| 15. | Computer Desktop/Dell | GSA-MOT-MV-297-2 | MVD | Not seen during physical verification by GAC |
| 16. | Computer Desktop/Dell | GSA-MOT-MV-297-3 | MVD | Not seen during physical verification by GAC |
| 17. | Computer Desktop/Dell | GSA-MOT-MV-297-12 | MVD | Not seen during physical verification by GAC |
| 18. | CPU/Dell | GSA-MOT-MV-297-17 | MVD | Not seen during physical verification by GAC |
| 19. | CPU/Dell | GSA-MOT-MV-297-8 | MVD | Not seen during physical verification by GAC |
| 20. | Printer | GSA-MOT-MV—DEP-600-2 | MVD | Not seen during physical verification by GAC |
| 21. | Air-condition/Gibson | GSA-MOT-MV—031-1 | MVD | Not seen during physical verification by GAC |
| 22. | Air-condition | GSA-MOT-MV-031-6 | MVD | Not seen during physical verification by GAC |
| 23. | Desktop/Dell | GSA-MOT-INSP-297-1 | INSP | Not seen during physical verification by GAC |
| 24. | Desktop (Dell) Laptop | GSA-MOT-DL-297-2 | DL | Not seen during physical verification by GAC |
| 25. | Desktop (Dell) | GSA-MOT-LRT-297-2 | LRT | Not seen during physical verification by GAC |
| 26. | Printer | GSA-MOT-LRT-600-1 | LRT | Not seen during physical verification by GAC |

| No. | Asset Description | GSA Coding | Assets location | Existence |
|-----|----------------------|---------------------|-----------------|--|
| 27. | Desktop (Lenovo) | GSA-MOT-M-RC-297- | M | Not seen during physical verification by GAC |
| 28. | Printer (HP) | GSA-MOT-M-DIV-600-1 | M | Not seen during physical verification by GAC |
| 29. | Semi executive Chair | GSA-MOT-PPP--420-3 | PPP | Not seen during physical verification by GAC |
| 30. | Printer | GSA-MOT-PPP-600-2 | PPP | Not seen during physical verification by GAC |

Risk

- 1.1.1.4 Fixed Assets Register may be misstated (Over/understated).
- 1.1.1.5 Assets may be damaged or impaired but their values are still on the books.
- 1.1.1.6 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.1.1.7 The lack of asset movement log could make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.1.1.8 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 entity's objectives.
- 1.1.1.9 Fixed Assets not coded may be susceptible to theft or diverted to personal use.
- 1.1.1.10 Also, un-coded fixed assets may be exchanged or stolen.

Recommendation

- 1.1.1.11 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity.
- 1.1.1.12 Management should set assets value to be recorded, developed and maintained.
- 1.1.1.13 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.
- 1.1.1.14 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.
- 1.1.1.15 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.1.1.16 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.1.1.17 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 the asset.

Management's Response

- 1.1.1.18 *The MOT Management acknowledges the GAC audit's findings and recommendation. The MOT Management wish to inform GAC that the fixed Assets Register is currently being updated. A copy of the register will be submitted to your office following the completion of the on-going coding and updating exercises at MOT. The Ministry has assigned some personnel to be responsible for this task on a regularly basis.*

Auditor General's Position

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

1.1.9 No Evidence of Receipts for remittance made to NASSCORP

Observation

- 1.1.1.20 Chapter 89.9 Part II of the National Social Security and Welfare Corporation (NASSCORP) Act of 2016 required that an employer should deduct contributions for pension from the remuneration of the employees at 4% of the gross salary and remit the amount along with the employer's own contribution of 6% of the gross pay to NASSCORP.

- 1.1.9.1 Also, Section 89.18 of the Decree establishing NASSCORP required that a principal employer defaults in paying any contribution prescribed by this decree or subsequent regulations, a sum equal to four (4%) of the amount unpaid shall be added for each month or part of a month after the date on which payment was due, and any amount so added shall be recoverable as a debt owed by the employer to the Republic.

- 1.1.9.2 During the audit, we observed that Management did not provide payment receipts on the remittance of employees and employer contributions made to NASSCORP for the period under audit.

Risk

- 1.1.9.3 Non-compliance with NASSCORP Regulations, retirees may be denied social security benefits.
- 1.1.9.4 In the absence of payment receipts, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of the Ministry's funds.
- 1.1.9.5 The absence of payment receipts for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

- 1.1.9.6 Management should ensure that payment receipts for employees and employer contributions remitted to NASSCORP are requested from the MFDP to validate the transactions.

- 1.1.9.7 Payments receipts representing remittance to NASSCORP should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.9.8 *The MOT Management acknowledges the GAC audit findings and recommendation. However, MFDP has never presented to management such records. Therefore, management is taking the necessary steps to ensure compliance with the recommendation for the best interest of the personnel and staff.*

Auditor General's Position

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

1.1.10 No evidence of Audit Committee

Observation

- 1.1.10.1 Regulation 1(K.10) of the Public Finance Management (PFM) Act states "A Head of government agency or government organization shall in consultation with the Internal Audit Governance Board establish and maintain an audit committee for the government agency or organization for which he/she is responsible."

- 1.1.10.2 During the audit, we observed that Management provided no evidence of an audit committee to review internal controls, the scope of internal audit; internal audit plans and ensure that internal and external audit findings are evaluated and implemented.

Risk

- 1.1.10.3 In the absence of a functional audit committee, Internal and External audit recommendations may not be implemented in a timely manner.

Recommendation

- 1.1.10.4 Management should ensure that a functional Audit Committee is established evidence by the documentation of attendance records and meeting minutes.

Management's Response

- 1.1.10.5 *Management acknowledges the audit finding. The MOT Management will work with the Internal Audit Agency to ensure that a functional Audit Committee is established at the Ministry. Also, minutes of meetings conducted by the committee will be documented along with attendance records for future reference.*

Auditor General's Position

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

1.1.11 Non-Preparation of Bank Reconciliation

Observation

- 1.1.11.1 Regulation R.3 (6) of the PFM Act of 2009 required that the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or the reference to the date and number thereof.
- 1.1.11.2 Additionally, Paragraph four (4), Page 42 of the MoT Accounting, Financial and Procurement Manual required that in an effort to inform the Minister about the financial position and operations of Ministry of Transport, the following financial reports should be prepared and submitted as stated:
- 1.1.11.3 Cash flow statement, bank reconciliation, allotment consolidation statement and revenue generation are reported monthly while budget performance be reported quarterly.
- 1.1.11.4 During the audit, we observed that Management did not prepare bank reconciliations statements for the below account maintained at the CBL for the month of November and December 2019. **See Table 13 below for details.**

Table 13: Non-Preparation of Bank Reconciliation

| # | Account Title | Account # | Bank | Currency |
|----|-------------------------|---------------|------|----------|
| 1. | MOT Operational Account | 0011502022372 | CBL | LRD |

Risk

- 1.1.11.5 Failure to adequately prepare bank reconciliations statements may lead to untimely detection of errors or omissions, and fraud.
- 1.1.11.6 Management may not be able to fully account for its transactions.

Recommendation

- 1.1.11.7 Management should ensure that monthly bank reconciliation statements are prepared, reviewed and approved by senior level staff with the required qualification and competence.
- 1.1.11.8 Bank reconciliation statements should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.11.9 *Management acknowledges the audit finding. During the period under audit, bank reconciliations statements for the account mentioned, were prepared throughout the fiscal year under audit. However, we will submit to your office the reconciliation for the account mentioned above.*

Auditor General's Position

- 1.1.11.10 We reviewed the documents submitted by Management. However, Management presentation of documentation after our audit execution does not guarantee Management effective control of document management.

1.1.11.11 Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner. Therefore, we maintain our recommendations.

1.1.12 No Evidence of a Risk Management Policy and Report

Observation

1.1.1.20 Regulation A (1) 15 of the Public Finance Management (PFM) Act of 2009 required that the management of all government agency must exercise all reasonable care to prevent and detect unauthorized, irregular expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal control to mitigate these risks”.

1.1.1.21 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the management of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management mages or mitigates those risk that are meaningful to the organization objectives.

1.1.1.22 During the audit, we observed that Management provided no evidence of a risk management policy, report or carries on a risk assessment to mitigate internal and external risks that may impact the achievement of the institution’s objectives.

Risk

1.1.1.23 The absence of a risk management policy and report may lead to Management not being aware of potential risks that may affect the operations of the Ministry.

Recommendation

1.1.1.24 Management should develop, approve and operationalize a risk management policy to mitigate the internal and external risks that may impact the achievement of the Ministry’s objectives.

1.1.1.25 Subsequently, Management should facilitate the conduct of periodic risk assessment and take corrective action for gaps identified.

1.1.1.26 Periodic risk assessment report should be adequately documented and filed to facilitate future review.

Management’s Response

1.1.1.27 *Management acknowledges the audit finding. The MOT Management will work with the Internal Audit Agency to ensure that a risk management policy is crafted, approved and operationalized to mitigate the internal and external risks that may impact the achievement of the Ministry’s objectives.*

Auditor General's Position

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

1.1.13 No Evidence of a Functional Budget Committee

Observation

- 1.1.13.1 Regulation D.16.1 of the Public Finance Management (PFM) Act of 2009 states "Every head of government agency shall establish a Budget Committee which shall be responsible for budget formulation, implementation, monitoring and evaluation made up of (a) the head of government agency, who shall be the chairperson; and (b) Heads of budget management centers or cost centers)".

- 1.1.13.2 During the audit, we observed that Management provided no evidence for the establishment of a budget committee.

Risk

- 1.1.13.3 In the absence of a functional budget committee, the preparation, implementation, monitoring and evaluation of the entity's budget may be impaired.

Recommendation

- 1.1.13.4 Management should ensure that a budget committee is established and made functional, evidence by the documentation of attendance records and meeting minutes.

Management's Response

- 1.1.13.5 *The Management of MOT notes the audit findings. However, Management wishes to indicate to the GAC that the MOT had a functional budget committee that was responsible for the preparation and monitoring of its budget.*

- 1.1.13.6 *Management will ensure the continuance of meeting minutes of budget committee documentation along with attendance records and filed for future reference.*

Auditor General's Position

- 1.1.13.7 We acknowledge Management assertion. However, Management assertion is not supported with documentary evidence. Therefore, we maintain our finding and recommendation.

1.1.14 Lack of Store Room Ledger/ Record

Observation

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

Comptroller General, the relevant internal auditor or any officers authorized by them, by the Minister”.

- 1.1.14.2 During the audit, we observed that Management provided no evidence of store ledger to keep adequate record of inventories movement. Also, we observed that there were no proper arrangement of goods and label in the store room due to the lack of inadequate shelf space.

Risk

- 1.1.14.3 Inventories may be misappropriated leading to decline in operational activities.
- 1.1.14.4 Failure to effectively maintain documentation for inventory receipt, storage, and distribution may lead to unauthorized and misappropriation of inventory.

Recommendation

- 1.1.14.5 Management should initiate an automated inventory management system to facilitate and ensure accurate records of inventories such as; current stock balance, reordering level stock-out level etc.
- 1.1.14.6 Management should ensure that periodic stock taking of inventories are conducted and appropriate adjustments are made where applicable.
- 1.1.14.7 All inventory record including records of stock taken should be adequately documented and filed to facilitate future review.

Management’s Response

- 1.1.14.8 *Management acknowledges the audit findings. Management wish to register here that the MOT had a store ledger during the period 2018/ 2019 for which store records were recorded. The purchases and utilization of store items or stocks were properly reconciled and balances of stocks were brought forward as the opening inventory for the succeeding month.*

Auditor General’s Position

- 1.1.14.9 We acknowledge Management assertion. However, Management assertion is not supported with documentary evidence. Therefore, we maintain our finding and recommendation.

1.1.15 Procurement Irregularities

Observation

- 1.1.15.1 Section 27 (g) of the PPCP Act of 2005 as Amended and Restated in 2010 required that the Procurement Committee shall provide quarterly reports of the procurement activities of the procuring entity to the Public Procurement & Concession Commission.
- 1.1.15.2 During the audit, we observed that the following irregularities were associated with procurement activities at the MoT:

- We obtain no evidence of attendance records of a procurement committee
- We obtain no evidence of procurement committee meeting minutes

Risk

- 1.1.15.3 In the absence of a functional procurement committee, the entity's procurement processes may be discretionary.
- 1.1.15.4 The lack of Procurement Plan may lead to discretionary expenditure, waste and undermine value for money.

Recommendation

- 1.1.15.5 Management should ensure that the procurement committee is made functional, evidenced by the documentation of attendance records and meeting minutes.
- 1.1.15.6 Management should facilitate the preparation of quarterly procurement reports and subsequent submission to the PPCC.

Management's Response

- 1.1.15.7 *Management wish to indicate that the MOT produces Quarterly Procurement Reports as required by the PPCC Act of 2010. Going forward, Management will ensure that quarterly procurement reports are adequately documented and filed to facilitate future review.*
- 1.1.15.8 *Management wish to indicate that the MOT produces Quarterly Procurement Reports as required by the PPCC Act of 2010. Going forward, Management will ensure that quarterly procurement reports are adequately documented and filed to facilitate future review.*

Auditor General's Position

- 1.1.15.9 We acknowledge Management assertion. However, Management assertion is not supported with documentary evidence. Therefore, we maintain our finding and recommendation.