



Management Letter

ON THE FINANCIAL STATEMENTS AUDIT OF THE MINISTRY OF TRANSPORT

For the Period July 1, 2019, to June 30, 2020



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 31, 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, 2020.

The Financial Statements of the Ministry of Transport (MoT) for the fiscal year ended June 30, 2020, 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, 2020 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.	Hannah G.L. Sheriff	Human Resources Director	July 1, 2019 to June 30, 2020
5.	Shelton K. Dowaity	Financial Comptroller	July 1, 2019 to June 30, 2020

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\$42,766.42 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

Statement of Comparison of Budget and Actual Amount (A) US\$	Statement of Receipts and Payments (B) US\$	Variance (C)=A-B US\$
303,902.00	261,135.58	42,766.42

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 Receipt and Payment 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 ending and beginning cash balances

Observation

- 1.1.2.1 Section 36(1) of the PFM Act of 2009 states that "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".
- 1.1.2.2 Additionally, Section 1.3.27 of IPSAS Cash Basis of Accounting requires that financial statements shall present information that is:
- Understandable;
 - (b) Relevant to the decision-making and accountability needs of users;
 - 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;

1.1.2.3 During the audit, we observed a variance of US\$13,430.91 between the figures reported in the financial statements as the ending and beginning cash balances for the period ended June 30, 2019, and June 30, 2020, respectively. **See table 2 below for details.**

Table 2: Variance between ending and beginning cash balances

Ending cash balance (2018/2019) (A) US\$	Beginning cash balance (2019/2020) (B) US\$	Variance (C)=A-B US\$
14,160.87	729.96	13,430.91

Risk

- 1.1.2.4 The completeness and accuracy of the financial statements 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 adjust the financial statements by the variance observed between the ending and beginning cash balances.
- 1.1.2.7 All opening balances must be approved by the Financial Comptroller at the beginning of the fiscal year.
- 1.1.2.8 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 the completeness and accuracy of the financial statements.

Management's Response

- 1.1.2.9 *The Management notes the audit Findings and recommendation.*
- 1.1.2.10 *Management has already adjusted the financial statements by the variance noted between the ending and beginning cash balances for the period under audit.*
- 1.1.2.11 *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

- 1.1.2.12 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.2.13 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. Therefore, we maintain our findings and recommendations.

1.1.3 Statement of Comparison of Budget and Actual Amount not reconciled to Statement of Receipts and Payments (Wages and Salaries)

Observation

- 1.1.3.1 Section 36(1) of the PFM Act of 2009 states that "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".
- 1.1.3.2 Additionally, Section 1.3.27 of IPSAS Cash Basis of Accounting requires that financial statements shall present information that is:
- a) Understandable;
 - b) (b) Relevant to the decision-making and accountability needs of users;
 - c) (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;
- 1.1.3.3 During the audit, we observed a variance of US\$41,988.50 between 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 wages and salaries. **See table 3 below for details.**

Table 3: Statement of Comparison of Budget and Actual Amount not reconciled to Statement of Receipts and Payments (Wages and Salaries)

Statement of Receipts and Payments (A) US\$	Statement of Comparison of Budget and Actual Amount (B) US\$	Variance (C)=A-B US\$
1,449,712.50	1,407,724.00	41,988.50

Risk

- 1.1.3.4 The completeness and accuracy of the financial statements may not be assured; therefore, the financial statements may be misstated.

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

Recommendation

- 1.1.3.6 Management should adjust the financial statements by the variance observed between the Statement of Comparison of Budget and Actual Amount and the Statement of Receipt and payment for wages and salaries.

- 1.1.3.7 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 the completeness and accuracy of the financial statements.

Management's Response

- 1.1.3.8 *The management notes the audit Findings and recommendation.*
- 1.1.3.9 *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 wages and salaries.*
- 1.1.3.10 *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

- 1.1.3.11 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.3.12 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.

1.1.4 Variance between Financial Statements and Insurance Stickers Report

Observation

- 1.1.4.1 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.
- 1.1.4.2 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”.

- 1.1.4.3 During the audit, we observed a variance of US\$45,200 between the revenue figures reported in the financial statements for insurance sticker and the revenue figures recorded in the insurance sticker report. **See table 3 below for details.**

Table 4: Variance between Financial Statements and Insurance Stickers Report

Quantity (A)	GoL Share US\$ (B)	Unit Price US\$ (C)	Amount Per Financial Statements US\$ (D)	Amount per Insurance Stickers Report US\$ (E)	Variance US\$ (F=D-E)
25,085	8.00 Per Qty.	15.00	245,880.00	200,680.00	45,200.00
Total			245,880.00	200,680.00	45,200.00

Risk

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

Recommendation

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

Management's Response

- 1.1.4.10 *The MOT's 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.*

- 1.1.4.11 *The agreement of the insurance sticker fund clearly shows that eight (8) dollars go to GOL, six (6) dollars for the insurance company and one (1) dollar for GTBank Liberia.*
- 1.1.4.12 *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's 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.*
- 1.1.4.13 *Nevertheless, 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 statements; 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

- 1.1.4.14 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 Non-Submission of Bank Statements for Revenue

Observation

- 1.1.5.1 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:
- 1.1.5.2 Cash flow statement, bank reconciliation statement, allotment consolidation statement and revenue generation report should be prepared monthly while budget performance be reported quarterly.
- 1.1.5.3 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".
- 1.1.5.4 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

1.1.5.5 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

1.1.5.6 The completeness, occurrence and accuracy of revenue may not be assured; therefore, revenue may be misstated.

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

Recommendation

1.1.5.8 Management should provide substantive justification why there was no bank statements to validate revenue generated for vehicle registration, insurance stickers, and eligibility certificate.

1.1.5.9 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.

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

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

Management's Response

1.1.5.12 *The MOT Management notes the audit Findings and recommendation. However, Management wishes to inform the GAC that the Ministry of Transport is not the 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.*

1.1.5.13 *Funding's from these revenue sources are not kept or managed by the MOT. The payments for Insurance Stickers are made to GTBank and payments for driver licenses go to International Bank Liberia Limited while payments for Eligibility Certificate and Motor Vehicle Registrations go to the consolidated accounts at the CBL by arrangement of LRA and MFDP which control and manage these revenue receipts.*

Auditor General's Position

- 1.1.5.14 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.
- 1.1.5.15 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.
- 1.1.5.16 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.
- 1.1.5.17 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.

1.1.6 Variance between Financial Statement and Bank Statement for Driver Licenses

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, we observed a variance of US\$336,752.93 between the revenue figures reported in the financial statements for driver licenses and the revenue figures recorded on the bank statements for driver's licenses. **See table 5 below for details.**

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

GoL Share US\$ (A)	Amount Per Financial Statements (B) US\$	Amount per Bank statements (C) US\$	Variance (D=B-C) US\$
60% of total	916,591.00	579,838.07	336,752.93
Total	916,591.00	579,838.07	336,752.93

Risk

- 1.1.6.4 The completeness and accuracy of the revenue on driver's licenses may not be assured; therefore, the financial statements may be misstated.
- 1.1.6.5 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 justification for the variance noted between the financial statements and the bank statements for revenue on driver licenses.
- 1.1.6.7 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.
- 1.1.6.8 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.6.9 Management should facilitate automated linkage of the revenue reporting software to the general ledger provide consistency in revenue reporting.

Management's Response

- 1.1.6.10 *The MOT Management notes the audit Findings and recommendation. Management wish to indicate to the GAC that the figure recorded on the bank statements for driver licensees in the name of GOL is the sole responsibility of International Bank Liberia Limited. International Bank Liberia Limited is the custodian of the Driver licenses Funds. The bank does the cost sharing of the total revenue realized for driver licenses at the end of each month.*
- 1.1.6.11 *Funding's from these revenue sources are not kept or managed by the MOT. The payments for Insurance Stickers are made to GTBank and payments for driver licenses go to International Bank Liberia Limited while payments for Eligibility Certificate and Motor Vehicle Registrations go to the consolidated accounts at the CBL by arrangement of LRA and MFDP which control and manage these revenue receipts.*

Auditor General's Position

- 1.1.6.12 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.
- 1.1.6.13 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.
- 1.1.6.14 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.
- 1.1.6.15 Therefore, we maintain our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.

1.1.7 Variance between Financial Statements and Eligibility Certificate Report

Observation

- 1.1.7.1 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.
- 1.1.7.2 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".
- 1.1.7.3 During the audit, we observed a variance of US\$47,826.06 between the revenue figures reported in the financial statements for eligibility certificate and the revenue figure recorded in the revenue report for Eligibility Certificate. **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\$
144,967.00	97,140.94	47,826.06

Table 7: Details of Eligibility Report

MOT Eligibility Certificate Analysis for the period ended June 30, 2020					
Rev. Code	Rev. Source	Month	Qty	Eligibility Report	
				US\$	L\$
142794	Eligibility Certificate	July	26	2,500.00	137,510.00
142794	Eligibility Certificate	August	71	4,300.00	902,500.00
142794	Eligibility Certificate	September	71	10,900.00	1,065,500.00
142794	Eligibility Certificate	October	25	2,850.00	143,500.00
142794	Eligibility Certificate	November	18	11,200.00	-
142794	Eligibility Certificate	December	12	1,300.00	579,000.00
142794	Eligibility Certificate	January	61	16,500.00	18,600.00
142794	Eligibility Certificate	February	69	12,650.00	186,000.00
142794	Eligibility Certificate	March	22	5,050.00	111,600.00
142794	Eligibility Certificate	April	8	900.00	55,800.00
142794	Eligibility Certificate	May	23	3,550.00	18,600.00
142794	Eligibility Certificate	June	31	3,950.00	133,976.00
TOTAL			437	75,650.00	3,352,586.00
Converted @ 156					21,490.94
Grand total in US\$				97,140.94	

Risk

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

Recommendation

- 1.1.7.6 Management should provide substantive justification for the variance noted between the financial statements and the revenue on eligibility certificate report.
- 1.1.7.7 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.
- 1.1.7.8 Periodic reconciliation on revenue reports should be adequately documented and filed to facilitate future review.
- 1.1.7.9 Management should facilitate the automated linkage of the revenue reporting software to the general ledger to provide consistency in revenue reporting.

Management's Response

- 1.1.7.10 *The MOT Management notes the audit Findings and recommendation. doing so, management may determine as to whether the variance was due to error or additional documents can be provided by the MOT on the variance noted.*
- 1.1.7.11 *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

- 1.1.7.12 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.7.13 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.

1.1.1 Irregularities Noted with Fuel and Lubricant

Observation

- 1.1.1.1 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.
- 1.1.1.2 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".
- 1.1.1.3 During the audit, we observed that the Management procured US\$14,998.01 value of fuel for the Ministry operations without evidence of an approved policy on fuel/ gasoline distribution.

Risk

- 1.1.1.4 Fuel procured may not be based on actual consumption.
- 1.1.1.5 Management may spend above budgeted allocation and fuel may be subjected to misappropriation.

Recommendation

- 1.1.7.14 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.
- 1.1.7.15 These documents should be adequately filed to facilitate future review.

Management's Response

- 1.1.7.16 *Going forward, Management will craft and approve policy on fuel/ gasoline distribution and copy of the policy will be submitted to GAC upon approval during subsequent audit.*

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.

1.1.8 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 IBLI 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.

1.1.2 Irregularities Associated with Fixed Asset Management

Observation

- 1.1.2.1 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.”

1.1.2.2 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.

1.1.2.3 Additionally, we 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).

Risk

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

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

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

1.1.2.7 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.

1.1.2.8 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.

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

1.1.2.10 Also, un-coded fixed assets may be exchanged or stolen.

Recommendation

1.1.2.11 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity.

1.1.2.12 Management should set assets value to be recorded, developed and maintained.

1.1.2.13 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.

- 1.1.2.14 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.
- 1.1.2.15 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.1.2.16 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.1.2.17 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. **See table 10, 11 and 12 below for details.**

Table 10: 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 11: 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

No.	Asset Description	GSA Coding	Asset's location	Condition
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 12: 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

No.	Asset Description	GSA Coding	Assets location	Existence
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
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

Management's Response

- 1.1.1.2 *The MOT Management acknowledges the GAC audit's findings and recommendation. The MOT Management wish to inform you 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's to be responsible for this task on a regular basis.*

Auditor General's Position

- 1.1.1.3 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

- 1.1.9.1 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.
- 1.1.9.2 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.

1.1.9.3 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

1.1.9.4 Non-compliance with NASSCORP Regulations, retirees may be denied social security benefits.

1.1.9.5 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.

1.1.9.6 The absence of payment receipts for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

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

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

Management's Response

1.1.9.9 *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

1.1.1.4 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

- 1.1.1.5 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 are submitting to your office the reconciliation for the month of November and December 2019.*

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 manages 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

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

1.1.13 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 wish to indicate to the GAC that the MOT had a functional budget committee that is responsible for the preparation and monitoring of its budget.*
- 1.1.13.6 *Management will ensure that meeting minutes of budget committee is documented 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 2019/ 2020 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.*
- 1.1.14.9 *Additionally, Management will ensure that all inventory record including records of stock taken will be adequately documented and filed to facilitate future review.*

Auditor General's Position

- 1.1.14.10 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.
- 1.1.15.5 In the absence of a quarterly procurement report, Management may be in noncompliance with the PPC Act of 2005 as amended and restated in 2010.

Recommendation

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

Management's Response

- 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.