



Management Letter

On the Financial Statement Audit of the Ministry of Commerce and Industrial (MoCI)

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

Table of Contents

1	DETAILED FINDINGS AND RECOMMENDATIONS	6
1.1	Financial Issues	6
1.1.1	Discrepancies between Financial statements and GOL/IFMIS system	6
1.1.2	No Supporting Detailed General Ledgers	7
1.1.3	Internally Generated Revenue	9
1.1.4	Transfer without approval	11
1.1.5	Non-Preparation of Bank Reconciliation	13
1.1.6	Non-remittance of Tax Deductions to NASSCORP'S Contributions	14
1.1.7	Lack of Policies and Procedures	15
1.1.8	Inadequate Records in Personnel Files	16
1.1.9	Irregularities Associated with Fixed Asset Management	18
1.1.10	Irregularities Associated with Procurement Management	19
1.1.11	No Evidence of Approved Strategic Plan	21
1.1.12	Store Room Management	22
1.1.13	ICT Strategic Committee	23
1.1.14	Lack of ICT Strategic Plan	23
1.1.15	No up-to-date license Anti-Virus	24
1.1.16	Threat to Business Continuity	25

Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
AG	Auditor General
BCP	Business Community Plan
COSO	Committee of Sponsoring Organizations of
LBDI	Liberia Bank for Development and
GAC	General Auditing Commission
CBL	Central Bank of Liberia
COBIT	Control Objective Information and Related
DRP	Disaster Recovery Plan
GoL	Government of Liberia
GST	Goods and Services Tax
ISSAI	International Standards of Supreme Audit
TIN	TAX Identification Number
IPSAS	International Public Sector Accounting
IT	Information Technologies
ICT	Information and Communication
L\$	Liberian Dollars
LBR	Liberia Business Registry
MoCI	Ministry of Commerce & Industry
PFM Act	Public Finance Management Act
LIFE	Liberia Innovation fund for Entrepreneurs
PPC Act	Public Procurement Concession Act
PPCC	Public Procurement and Concession
ToR	Terms of Reference
US\$	United States Dollar
WHT	Withholding Taxes
MIP	Monrovia Industrial Park
NASSCORP	National Standard Laboratory
NSL	National Standard Laboratory
MFDP	Ministry of finance and Development
PAN	Personnel Action Notice

Hon. Mawine G. Diggs

Minister

Ministry of Commerce and Industry
Ministerial Complex
Congo Town

December 17, 2022

Dear Hon. Diggs:

The Financial statements of the Ministry of Commerce and Industry (MoCI) for the fiscal period ended June 30, 2020 are subject to audit by the Auditor-General (AG) consistent with the AG's mandate as provided for in section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as the Audit Engagement (Terms of Reference ToR)

Introduction

The Audit of the Ministry of Commerce and Industry (MoCI) Financial statements for the fiscal period ended June 30, 2020 has been completed and the purpose of this Management Letter/ Draft Report is to bring to your attention the findings that were revealed during the audit.

Audit Scope and Determination of Responsibility

The audit was conducted in accordance with International Standards of Supreme Audit Institution (ISSAIs) as promulgated by International Organization of Supreme Audit Institutions (INTOSAI) as well the audit engagement Terms of Reference (ToR). 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 financial statements.

An audit involves;

- Examination on a test basis of evidence supporting 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's presentation

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

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 matter and/or weaknesses that were not identified.

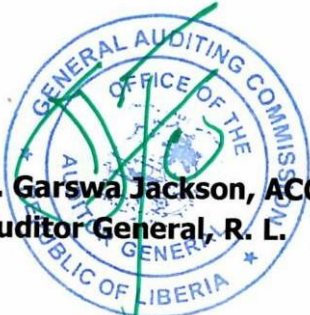
The Financial statements, maintenance of effective control measures and compliance with laws and regulation are the responsibility of the Management of the Ministry of Commerce and Industry. Our responsibility is to express an opinion on these financial statements.

Key Management

Name	Rank	Tenure
Hon. Mawine G. Diggs	Minister	2020 to Present
Hon. Professor Wilson Tarpeh	Former Minister	2018 to 2020
Hon. Wilfred J.S. Bangura, II	Deputy Minister for Administration	2018 to Present
Hon. George D. Wolo	Deputy Minister for Commerce and Trade Services	2018 to Present
Hon. Thomas G. Goba	Deputy Minister for Industry	2020 to Present
Hon. Debra Nebo	Deputy Minister for Small Business Administration	2018 to Present
Hon. Peter D. Somah	Assistant Minister for Commerce and Trade Services	2018 to Present
Hon. Morris K Saryon	Assistant Minister for Industry	2018 to Present
Hon. Angel Banda	Assistant Minister for Small Business Administration	2021 to Present
Hon. Samson M. Dee	Registrar General-Liberia Business Registry (LBR)	2018 to Present
Hon. Nora Wreh	Deputy Registrar General for Administration (LBR)	2018 to Present
Hon. Josephone W.A.Davies	Inspector General for Enforcement	2018 to Present
Mr. Gudi JND Neufville, Jr.	Comptroller	2019 to Present
Mrs. Esther Tolbert	Minister	2020 to Presents

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the Ministry of Commerce and Industry (MoCI) during 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 Discrepancies between Financial statements and GOL/IFMIS system

Observation

- 1.1.1.1 PFM Regulations A. 3 (1&2) states that, "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. A public officer who fails to keep or produce any records under this regulation is in a breach of financial discipline as defined in Regulation A.20."
- 1.1.1.2 Section 36 (1&2) of the PFM Act also 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. Each Spending Entity is required, where applicable, to provide a monthly report on revenues and a quarterly expenditures performance report to the Minister in the terms, format and within the timeframe determined by regulations under this Act."
- 1.1.1.3 During the audit, it was observed that management reported expenditures in an amount of US\$1,767,309.00; whereas the total expenditure reported in the GOL/IFMIS system amounted to US\$1,805,118.60 thus resulting to a variance of US\$-37,808.75. **See table 1 for details.**

Table 1: Discrepancy between Financial statements and GOL/IFMIS system

Description	MoCI Financial Statement US\$ A	MFDP GOL/IFMIS System US\$ B	Variance C=(A-B)
Wages and Salaries	1,514,862.00	1,504,252.38	10,609.62
Stationery	5,000.00	-	5,000.00
Guard and Security	8,640.00	8,635.85	5.00
Travel Expenses	14,500.00	15,014.00	(514.00)
Consultancy Services	224,307.00	254,099.46	(29,792.46)
Internet Provider Services	-	9,917.58	(9,917.58)
Other ICT Equipment	-	13,199.33	(13,199.33)
TOTAL	1,767,309.00	1,805,118.60	(37,808.75)

Risk

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

- 1.1.1.5 Expenditures may be understated and Management may not fully account for activities of the entity.

Recommendation

- 1.1.1.6 Management should account for the difference between the GOL/IFMIS system and the financial statements and where applicable adjust the financial statements accordingly.
- 1.1.1.7 Going forward, Management should conduct periodic (monthly) reconciliation between the GOL/IFMIS system and the financial statements. Variances identified should be documented, investigated and adjusted where applicable.
- 1.1.1.8 Financial statements and expenditure reports prepared by a junior staff should be reviewed and approved by a senior staff with the relevant qualification experience and authority.

Management's Response

- 1.1.1.9 *The Ministry of Commerce and Industry (MoCI) may provide justification for the unexplained variances if the Ministry reconciles with the Ministry of Finance and Development Planning (MFDP) the information provided by GAC from the Budget Control Summary Sheets/ IFMIS System at MFDP. Besides, MoCI can only account for what it received from GOL as budgetary appropriation, allotment and expenditure made during the fiscal year. MoCI accepts GAC recommendation to reconcile the variances with the Ministry of Finance and Development Planning to reflect the actual expenditure.*

Auditor General's Position

- 1.1.1.10 Management's assertions do not address the issue raised. The obligations of government officers handling public financial transactions is to ensure that financial information is reported in a timely, comprehensive and accurate manner. IFMIS is the financial software of the Government of Liberia and each entity that receives GoL allotment is required to input expenditure for consolidated purposes into the system.
- 1.1.1.11 Management failure to adjust the financial statements will be evaluated and the impact will be reflected in the opinion for fiscal year ended June 30, 2020
- 1.1.1.12 However, we acknowledge Management's acceptance of our recommendation; and, we will make a follow-up on implementation of management's assertions during subsequent audit.

1.1.2 No Supporting Detailed General Ledgers

Observation

- 1.1.2.1 Regulations A.3 (1) of the PFM Act of 2009 states that "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 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".

- 1.1.2.2 During the conduct of the audit, Management did not provide detailed ledgers for expenditure amounting to US\$3,811,240.21 as reported in the financial statements. **See Table 2 below for details.**

Table 2: No Supporting Detailed General Ledgers

No	ACCOUNT TITLE/DESCRIPTION	AMOUNT USD
1	Wages, salaries and Other Employee Benefits	1,514,862.00
2	Goods and Services Consumed	279,679.00
3	Non-Financial Assets	16,699.00
4	SMEs Empowerment fund	2,000,000.00
TOTAL		3,811,240.21

Risk

- 1.1.2.3 The completeness and accuracy of expenditure may not be assured; therefore, the financial statements may be misstated.
- 1.1.2.4 Management may not fully account for activities of the entity.

Recommendation

- 1.1.2.5 Management should ensure that detailed general ledgers are prepared to support figures mentioned in the financial statements. Periodic reconciliation should be performed between the general ledger and the financial statements. Differences identified should be documented, investigated and adjusted (where applicable) in a timely manner.
- 1.1.2.6 Management should procure and operationalize a functional accounting software to record all financial transactions of the entity.
- 1.1.2.7 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, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.1.2.8 Management should ensure that detail general ledgers are prepared to support figures mentioned in the expenditure report.

Management's Response

- 1.1.2.9 *MoCI presented budget execution ledgers to GAC auditors during the conduct of the audit that included each of the bureaus in the Ministry in both in detail and summary. The columns of the budget execution ledgers included the approved budget, allotment, commitment, expenditure, balance in allotment and balance in appropriation. MoCI believes that the budget execution ledgers as provided would have provided the information needed by GAC for the conduct of the audit. MoCI however accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

- 1.1.2.10 We acknowledge Management's acceptance of our recommendation; and, we will make a follow-up on implementation of management's assertions during subsequent audit.
- 1.1.2.11 Going forward, Management should provide, the general Ledger, final trial balance along with adjustments that is mapped to the financial statements for effectiveness and efficiency.

1.1.3 Internally Generated Revenue

Observation

- 1.1.3.1 Regulation O.1.1&2 of the PFM Act of 2009 as restated in 2019 states "(1) All government agencies shall provide in their annual budgetary estimates, their expected revenue collections and internally generated funds. (2) A head of government agency is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their agencies, departments or office".
- 1.1.3.2 During the conduct of the audit, we observed that Management did not disclose in the Financial Statement detailed information on internal generated revenue amounting to US\$64,660.00 and L\$27,271,989.54 from the accounts setup at the CBL for operations of the Monrovia Industrial Park (MIP), and National Standard Lab (NSL).
- 1.1.3.3 Further, the Management did not disclose in the Expenditure Report nor provide detailed information of US\$44,932.73 and L\$26,276,640.39 from Monrovia Industrial Park (MIP), and National Standard Lab (NSL). **See table 3 below for detail.**

Table 3: Internally Generated Revenue

Date	Description	Generated Revenue		Expenditure		Outstanding Cash in Bank	
		US\$	L\$	US\$	L\$	US\$	L\$
1, 2019 - June 30 2020	Monrovia Industrial Park (MIP)	64,660.00	27,271,989.54	44,932.73	26,276,640.39	19,727.27	995,349.15
July 1, 2019 - June 30, 2020	National Standard Lab. (NSL)	49,797.50	651,882.00	44,313.66	545,232.66	5,483.84	106,649.34
Total		114,457.50	27,923,871.54	89,246.39	26,821,873.05	25,211.11	1,101,998.49

Risk

- 1.1.3.4 The completeness and accuracy of revenue may not be assured; therefore, the financial statements may be misstated.
- 1.1.3.5 Management may not fully account for activities/assets of the entity.

Recommendation

- 1.1.3.6 Management should ensure that all transactions are recorded in the entity's financial statements.
- 1.1.3.7 Management should ensure that payments of all fees for services are deposited directly in the entity's bank account.
- 1.1.3.8 Management should perform periodic reconciliation between the bank statements and the general ledger (including the financial statements). Differences identified should be investigated and adjusted (where applicable) in a timely manner.
- 1.1.3.9 Management should establish subsidiary ledgers for each service account. Subsequently, Management should perform periodic reconciliation among invoices, bank statements and the subsidiary ledgers (including the financial statements). Differences identified should be investigated and adjusted (where applicable) in a timely manner.
- 1.1.3.10 Management should develop, approve and operationalize policies to govern the management including collection of fees from service. Evidence of approved policies should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.3.11 *During the Conduct of the Audit, the Ministry of Commerce and Industry (MoCI) provided to the GAC all Bank Statements, disbursement details and source documents of all of Ministry's accounts. These expenditures are also reflected in the Ministry's cashbook ledgers and in respect to International Accounting Standard (IAS) 10, the Ministry will ensure that Financial Statement is adjusted as per GAC recommendation.*

Auditor General's Position

- 1.1.3.12 Management assertion does not adequately address the issue raise. However, Management acknowledges in respect to International Accounting Standard (IAS) 10, the Ministry will ensure that Financial Statement is adjusted as per GAC recommendation.

1.1.4 Transfer without approval

Observation

- 1.1.4.1 Regulations E.6 of PFM Act of 2009 as restated 2019 Sections (1) and (2) states that "(1) A head of government agency shall exercise budgetary control over the activities of the government agency in accordance with these regulations and the procedures for budgetary control shall be stated in Accounting Regulations supplemented by the accounting instructions for that government Agency.

- 1.1.4.2 (2) An expenditure shall not be incurred, a commitment or a charge shall not be made against an appropriation except at the request of the appropriate head of a Ministry, a Government agency or a spending unit for which the appropriation was made or his/her authorized deputy”.
- 1.1.4.3 During the audit, we observed no evidence that the Management of MOCI had the authority to access the amount of US\$ 2,000,000 placed in the recast national budget by the National Legislature for COVID-19 Response. The amount was placed in an escrow account number 150-2024-022 opened at the Central Bank of Liberia by the Ministry of Finance and Development Planning. We observed the balance in the escrow account as at June 30, 2021, was US\$330,000.
- 1.1.4.4 Also, we observed that the deposit slip was sent to the MoCI as a notification. Further, there was no evidence the Management of MOCI was a signatory to the escrow account. **See table 4 below for details.**

Table 4: Transfer without approval

Date	Description	Voucher #	A/C Code	Amount US\$
June 27,2020	Liberia support to small and medium enterprises (SMEs)	EV\$2020#	222109	2,000,000.00

Risk

- 1.1.4.5 Disbursement may be made from the account without the authority of the MOCI Management
- 1.1.4.6 The completeness and accuracy of revenue may not be assured; therefore, the financial statements may be misstated.
- 1.1.4.7 Management may not fully account for the activities/assets of the entity.

Recommendation

- 1.1.4.8 Management of MFDP should provide substantive justification for opening an escrow account in the name of MOCI without the Ministry’s authority to disburse.
- 1.1.4.9 Management of MFDP should account for the transactions within the escrow account.
- 1.1.4.10 Management should perform periodic reconciliation between the bank statements and the general ledger (including the financial statements). Differences identified should be investigated and adjusted (where applicable) in a timely manner.

Management’s Response

- 1.1.4.11 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General’s Position

- 1.1.4.12 We acknowledge management’s acceptance of our recommendation. We will make a follow up on the implementation of management’s assertion.

1.1.5 Non-Preparation of Bank Reconciliation

Observation

- 1.1.5.1 Regulations C.8 (4a) of the PFM Act of 2009 states that “The head of agency or spending unit shall manage and reconcile the bank accounts authorized for the agency. This is done to ensure accuracy and accountability for all cash and bank transactions. It is also intended to detect and remedy frauds and errors on the bank statements”.
- 1.1.5.2 During the audit, we observed no evidence that Management prepare bank reconciliation statements for the below bank accounts. **See table 5 below for details.**

Table 5: USD Account not reconciled for the audit periods:

Account Title	Account #	Bank	Currency	Period not Reconciled
MOCI Operations A/C	1502022248	CBL	USD	April 2020, May 2020, June 2020
Japanese Petroleum Product 2015	1502023506	CBL	USD	April 2020, May 2020, June 2020
Food AID 2008 Japanese Donated Rice	1501010738	CBL	USD	April 2020, May 2020, June 2020
GOL Special Rice Fund	1502020938	CBL	USD	April 2020, May 2020, June 2020
Japanese Petroleum Product 2011	1502022262	CBL	USD	April 2020, May 2020, June 2020
Monrovia Industrial Park Fencing Project	00.112-022742-02	CBL	USD	April 2020, May 2020, June 2020
LRD Account not reconciled for the audit periods				
Account Title	Account #	Bank	Currency	Period not Reconciled
National Standards Laboratory	15010111247	CBL	LRD	April 2020, May 2020, June 2020
Japanese Petroleum Product 2015	1501011168	CBL	LRD	April 2020, May 2020, June 2020
MOCI Operations A/C	1501008421	CBL	LRD	April 2020, May 2020, June 2020
Japanese Food AID 2014	1501010769	CBL	LRD	April 2020, May 2020, June 2020
Japanese Food AID 2013	1501010776	CBL	LRD	April 2020, May 2020, June 2020

Risk

- 1.1.5.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud. Management may not be able to fully account for its cash receipts.

Recommendation

- 1.1.5.4 Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity.
- 1.1.5.5 Monthly bank reconciliation statements should be prepared and approved by staff with the relevant qualification, experience and seniority.
- 1.1.5.6 Monthly bank reconciliation report should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.5.7 *The Ministry of Commerce and Industry prepares monthly Bank Reconciliation Statements for all of its accounts and these reconciliations, accompanied by Bank Statements and Cashbook were submitted to the GAC Team during the period of Audit. Also, it is important*

to note that the Japanese related Accounts reflected in the Audit were transferred from the Ministry of Commerce and Industry to the Ministry of Foreign Affairs since 2016 and the Ministry has no access to these accounts. However, MoCI accepts GAC recommendation and will hence forth act accordingly

Auditor General's Position

1.1.5.8 The assertion by the MoCI Management is not backed by any documentary evidence. However, we acknowledge Management's acceptance of our recommendation; and, we will make a follow-up on implementation of management's assertions during subsequent audit.

1.1.6 Non-remittance of Tax Deductions to NASSCORP'S Contributions

Observation

1.1.6.1 Section 89.16(a) of the NASSCORP New Act and published February 13,2017 states that "The contribution payable under this Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the Corporation. Contribution rate shall be total 10% of the total gross remuneration of each employee;2% under the Employment Injury Scheme payable by the employer; 4% employer contribution and 4% employee contribution to be remitted by the employer".

1.1.6.2 During the audit, it was observed that Management did not provide evidence of payment amounting to US\$91,604.98. representing staff employees' contributions to NASSCORP. **See table 6 below for details.**

Table 6: NASSCORP contributions without evidence of remittance

Month	Gross Payroll US\$	Employees NASSCORP Contribution 2% US\$	Employer NASSCORP Contribution 4% US\$	Contributions Total US\$
19-Jul	167,550.36	3,351.00	6,702.05	10,053.05
19-Aug	167,550.36	3,351.00	6,702.05	10,053.05
19-Sep	120,380.75	2,407.61	5,087.19	7,494.80
19-Oct	117,968.32	2,359.40	4,718.91	7,078.31
19-Nov	117,968.32	2,359.40	4,718.91	7,078.31
19-Dec	120,939.71	2,418.80	4,837.81	7,256.61
20-Jan	118,308.03	2,366.16	4,732.51	7,098.16
20-Feb	118,308.03	2,366.16	4,732.51	7,098.16
20-Mar	118,308.03	2,366.16	4,732.51	7,098.16
20-Apr	118,308.03	2,366.16	4,732.51	7,098.16
20-May	118,308.03	2,366.16	4,732.51	7,098.16
20-Jun	118,330.98	2,366.62	4,733.43	7,100.05
Total	1,522,228.95	30,444.63	61,162.90	91,604.98

Risk

- 1.1.6.3 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalty and fines.
- 1.1.6.4 Potential retirees of MoCI may be denied required pension benefits due to non-compliance with the regulation.
- 1.1.6.5 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

Recommendation

- 1.1.6.6 A payment plan should be crafted and agreed between MoCI Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan.
- 1.1.6.7 Management should facilitate full payment of employee's contributions to NASSCORP on a consistent and timely basis.
- 1.1.6.8 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees' social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.
- 1.1.6.9 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.

Management's Response

- 1.1.6.10 *Employees deduction through NASSCORP's is being handle by the Payroll Team at the Civil Service Agency (CSA) since the payroll harmonization process. However, MoCI accepts GAC recommendation and will henceforth act accordingly*

Auditor General's Position

- 1.1.6.11 The assertion by the MoCI Management does not address the issue raised. Therefore, we acknowledge Management's acceptance of our recommendation; and, we will make a follow-up on implementation of management's assertions during subsequent audit.

1.1.7 Lack of Policies and Procedures

Observation

- 1.1.7.1 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 board or head 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 mitigates those risk that are meaningful to the organization's objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

1.1.7.2 During the audit, it was observed that Management did not develop various policies to guide its operations. There was no evidence of approved policy for the following:

- Financial Manual
- Risk management
- Asset Management
- Fuel and scratch cards distribution

Risk

1.1.7.3 Failure to develop policies to guide the activities of MoCI may lead to arbitrary decisions that may be non-compliant to applicable laws and Regulations and may impair the achievement of MoCI's objectives.

Recommendation

1.1.7.4 Management should develop, approve and operationalize the policies listed above for the effective and efficient operations of the entity. Evidence of approved policies should be adequately documented and filed to facilitate a future review.

Management's Response

1.1.7.5 *Relative to Policy and Procedure, the MoCI has initiated the adoption of an Administrative Policy document (still in draft) that encompasses Financial Manual, Risk Policy, Assets Management, HR, and Procurement etc. Also, the MoCI recognizes the importance of written policy and report for the Risk Management.*

Auditor General's Position

1.1.7.6 The assertions made by the MoCI Management are not backed by any documentary evidence. However, we will make a follow up on the implementation of the recommendation in subsequent audit.

1.1.8 Inadequate Records in Personnel Files

Observation

1.1.8.1 Chapter 5.8 of the CSA Standing Order of 2012 states that "the below-listed documents make up the employee's file and must remain in the file as part of the employee's records:

- a. Employment Letter
- b. Resume;
- c. Credentials;
- d. Personal data;
- e. Job description;
- f. All subsequent warnings or commendation; and
- g. Annual appraisal forms and related evaluation forms."

1.1.8.2 During the audit, we observed that Management did not maintain essential personnel records such as letter of applications, employment letters, contracts, credentials, job Description appointments, Personnel Action Notice (PAN), etc. **See table 7 for details**

Table 7: Employees without personnel files

#	First Name	Last Name	Position
1	Boima	Dempster	IT Officer
2	Jenkins	Roosleh	Messenger
3	Brenice	Logan	File Clerk
4	Jonathan	Curtis	Inspector
5	Siaffa	Sombai	Inspector
6	Josephine	Bleedee	Research Officer
7	Jenefer	Wleh	M&E Officer
8	Miatta	Smith	Petty Trade Officer
9	George	Foster	Inspector
10	Elizabeth	Zubah	Secretary
11	Stephen	Swaray	Driver
12	Esther	Tolbert	Chief of Staff
13	Edmund	Ponpon	Policy Analyst
14	Frank	Wonsiah	Operational Assistant
15	Helena	Settro	Special Assistant
16	Joseph	Wonnah	Office Assistant
17	Alice	Messan	Office Assistant
18	Benjamin	Gee	Administrative Assistant
19	George	Outland	Office Assistant
20	Jacob	Dolo	Secretary
21	Nathaniel	Johnson	Inspector
22	Anthony	Lacky	Security
23	Jacob	Harris	Security
24	Solomon	David	Security
25	Eric	David	Security

Risk

- 1.1.8.3 Failure to maintain essential personnel records may lead to Management’s inability to manage or regulate the activities of its personnel effectively.
- 1.1.8.4 Management may recruit staffs that do not meet the required qualification and experience to contribute to the overall objectives of MoCI.

Recommendation

- 1.1.8.5 Management should ensure that all employees’ files are updated to contain essential documents such as letters of application, letters of employment, contracts, credentials, Personnel Action Notice (PAN), etc. to enable Administration to regulate the activities of its personnel effectively.
- 1.1.8.6 Management should ensure that all employees’ files contain the relevant supporting documents indicative of proper vetting (application letters, employment letters, police clearances, and medical certificates) in line with the employment policy of the CSA.
- 1.1.8.7 Management should institute periodic review/inspection of personnel files to validate the completeness of personnel records. Gaps identified should be documented and regularized in a timely manner.

Management's Response

- 1.1.8.8 *The Ministry takes note of the issue raised by GAC and will work with the Civil Service Agency to take corrective measures.*

Auditor General's Position

- 1.1.8.9 we acknowledge Management's acceptance of our finding; and, we will make a follow-up on implementation of management's assertions during subsequent audit.

1.1.9 Irregularities Associated with Fixed Asset Management

Observation

- 1.1.9.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states, "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."

- 1.1.9.2 During the conduct of the audit, it was observed that the following irregularities were 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
- Some fixed assets of the entity were not coded.
- There was no evidence of movement of assets form.
- Fixed assets within a given vicinity were not clearly displayed in the fixed asset log as required by the PFM.

Risk

- 1.1.9.3 Fixed Assets Register may be misstated (Over/understated).
- 1.1.9.4 Assets may be damaged or impaired but their values are still on the books.
- 1.1.9.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.1.9.6 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of MoCI objectives.
- 1.1.9.7 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

- 1.1.9.8 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity.
- 1.1.9.9 Management should update the fixed asset register to contain information such as; description of asset, source of purchase, date, assignee, class, code, location, condition,

original cost, depreciation expense, accumulated depreciation and net book value of the asset in compliance with the applicable regulations.

- 1.1.9.10 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.
- 1.1.9.11 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.1.9.12 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.1.9.13 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 the location of the asset.
- 1.1.9.14 All fixed assets should be uniquely coded and subsequently updated in the fixed asset register.

Management's Response

- 1.1.9.15 *Prior to the commencement of the audit, the MoCI has commenced the conduct of physical inventory of all its fixed assets. The exercise is intended to continue updating of the Fixed Asset Register. Upon completion of the exercise, the MoCI will provide copy of its updated Fixed Asset Register to the GAC.*

Auditor General's Position

- 1.1.9.16 The assertions made by the MoCI Management are not backed by any documentary evidence. However, we will make a follow up on the implementation of the recommendation in subsequent audit.

1.1.10 Irregularities Associated with Procurement Management

Observation

- 1.1.10.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".
- 1.1.10.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where

applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission”.

1.1.10.3 During the audit, we observe the following irregularities associated with the procurement system:

- There was no evidence of a functional procurement committee evidence by the absence of meeting minutes and periodic reports.
- There was no evidence of annual procurement plan approved by PPCC.
- There was no evidence of periodic (quarterly and annual) procurement activities report submitted to PPCC.
- No evidence of application of the requisite methods (Request for quotation, national competitive bidding, sole sourcing, restricted bidding, international competitive bidding, etc.) where applicable.

Risk

1.1.10.4 In the absence of a functional procurement committee, the entity’s procurement processes may be discretionary.

1.1.10.5 The lack of an approved Procurement Plan may lead to discretionary expenditure, waste and undermine value for money.

1.1.10.6 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.

1.1.10.7 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.

1.1.10.8 The non-application of the requisite procurement method may undermine the achievement of value for money and facilitate fraudulent procurement activities.

Recommendation

1.1.10.9 Management should ensure that the requisite procurement methods are utilized for all procurement transactions to achieve value for money and ensure compliance to the PPC Act of 2005 as amended and restated in 2010.

1.1.10.10 Management should establish a functional procurement committee evidence by the documentation of meeting minutes and periodic reports.

1.1.10.11 Management should facilitate the approval of the annual procurement plan by PPCC. All unplanned procurement activities should be subsequently submitted to PPCC for approval before execution.

1.1.10.12 Management should facilitate the preparation and submission of quarterly and annual procurement activities reports to the PPCC as required by the PPC Act of 2005 as amended and restated in 2010.

Management's Response

1.1.10.13 *The Ministry has a functional procurement committee that comprises of five (5) members, headed by the Minister. During the period under audit the committee was unable to meet as per what law require due to the COVID 19 pandemic. As per the record, the Ministry submitted an approved procurement plan to the GAC team of auditors for FY19/20 copy of the approved plans are still available on the Ministry's file. Prior to the approval of FY19/20 procurement plan, MoCI submitted to the PPCC past contracts that was awarded to contractors, vendors which serve as an annual report and a requirement for the final approval of FY19/20 procurement plan.*

1.1.10.14 *As it relates to the procurement methods stated in the GAC observation during the period under audit, the MoCI applied all the basic procurement methods stated in the report with the exception of International competitive bidding base on budgetary ceiling.*

Auditor General's Position

1.1.10.15 The assertions by the MoCI Management do not address the issue raised. Therefore, we maintain our recommendation.

1.1.11 No Evidence of Approved Strategic Plan

Observation

1.1.11.1 In terms of the COSO Internal Control-Integrated Framework, the Organization should set entity-level objectives that align with the entity's mission and value proposition. These high-level objectives, which are a key part of Strategic Planning, reflect management's choice of how the organization will seek to create, preserve, and realize value for its stakeholders. This guide will ensure that Management operations are ethical, orderly, economical, efficient, and effective.

1.1.11.2 During the audit, it was observed that Management did not finalize and approve its Strategic Plan to serve as a basis on which resources were allocated.

Risk

1.1.11.3 Failure to develop a strategic plan to guide the activities of MoCI may lead to arbitrary decisions that may be non-compliant to applicable laws and Regulations and undermine the achieving of MoCI's objectives.

Recommendation

1.1.11.4 Management should ensure that a strategic plan is developed, approved and operationalized for the effective and efficient operations of MoCI. These documents should be adequately documented and filed to facilitate future review.

Management's Response

1.1.11.5 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

1.1.11.6 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.

1.1.12 Store Room Management

Observation

1.1.12.1 Regulation U.7 (2) of the PFM Act of 2009 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government Inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government Inventories. Public Sector Accounting Standards as adopted by the Government of Liberia.

1.1.12.2 During the audit, we observed the following irregularities associated with the storeroom management system at the entity:

- There was no evidence of inventory and supplies receipt and distribution log maintained by the store officer to track the movement of inventory and supplies at the entity.
- There was no evidence of regular or surprise stock count by an independent senior officer during the period for the purpose of checks and balances.

Risk

1.1.12.3 Inventories may be misappropriated leading to declining in operational activities.

1.1.12.4 Failure to effectively maintain documentation for inventory receipt, storage, and distribution may lead to unauthorized and misappropriation of inventory.

Recommendation

1.1.12.5 Management should initiate at least an excel based inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.

1.1.12.6 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.

1.1.12.7 All inventory records including records of stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

1.1.12.8 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

1.1.12.9 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.

1.1.13 ICT Strategic Committee

Observation

1.1.13.1 APOO1.01.7 of Cobit 5, Organizational structure requires that, Establishment of an ICT strategic committee (or equivalent) at the board level. This committee should ensure that governance of ICT as part of the enterprise governance is adequately addressed; advise on strategic direction, and review major investments on behalf of the full board

1.1.13.2 During the audit, we observed no evidence of an approved ICT strategic committee to address issues that are center on the operations of the ICT control environment.

1.1.13.3 In addition, there was no evidence of a ICT strategic committee meeting minutes to show that, the board met regularly to adequately address the strategic direction and review major investments in ICT governance.

Risk

1.1.13.4 In the absence of a functional IT Strategic Committee the strategic goals, objectives and activities of the IT function may not be achieved.

Recommendation

1.1.13.5 Management should establish an IT Strategic Committee to provide strategic oversight of the IT strategic goals, objectives and activities.

1.1.13.6 Management should ensure that the IT Strategic Committee is functional evidence by documentation of meeting minutes and periodic reports.

Management's Response

1.1.13.7 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

1.1.13.8 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.

1.1.14 Lack of ICT Strategic Plan

Observation

1.1.14.1 Control Objectives for Information and Related Technologies (COBIT) 5 APO02.05 requires an entity to Create a strategic plan that defines, in co-operation with relevant stakeholders, how IT- related goals will contribute to the enterprise's strategic goals. Include how IT will support IT- enabled investment programs, business processes, IT services and IT assets.

Direct IT to define the initiatives that will be required to close the gaps, the sourcing strategy and the measurements to be used to monitor the achievement of goals, then prioritize the initiatives and combine them in a high-level road map.

- 1.1.14.2 During the audit, it was observed that there was no evidence of an approved IT strategic Plan developed for use to manage and direct all IT resources in line with the business strategy and priorities.

Risk

- 1.1.14.3 The absence of an IT strategic plan may result in the acquisition and use of unsuitable ICT equipment and services.

- 1.1.14.4 Management may be unable to identify ICT gaps associated with the systems.

Recommendation

- 1.1.14.5 Management should create a strategic plan to support its business requirements.

- 1.1.14.6 The IT strategic Plan should identify gaps and recommend solutions to aid Management to achieve ICT operation objectives.

Management's Response

- 1.1.14.7 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

- 1.1.14.8 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.

1.1.15 No up-to-date license Anti-Virus

- 1.1.15.1 Control Objectives for Information and Related Technologies (COBIT) 5 DSS01.04 require an entity to Maintain measures for protection against environmental factors. Install specialized equipment and devices to monitor and control the environment.

- 1.1.15.2 During the audit, it was observed that there was no License anti-virus on any of the computers or Desktops within the Ministry.

Risk

- 1.1.15.3 IT services may be interrupted, data corruption may occur.

Recommendation

- 1.1.15.4 Management should Purchase a licensed anti-virus so as to avoid IT service interruption and Data corruption.

Management's Response

- 1.1.15.5 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

- 1.1.15.6 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.

1.1.16 Threat to Business Continuity

Observation

- 1.1.16.1 Dss04.02 of COBIT 5 - maintain a continuity strategy, evaluate business continuity management options and choose a cost-effective and viable continuity strategy that will ensure enterprise recovery and continuity in the face of a disaster or other major incident or disruption. Business continuity management proactively improves the enterprise's resilience against operational disruptions and provides the capacity to adequately react to threats.
- 1.1.16.2 During the audit our assessment performed on the readiness of Management in case of a disruption revealed the following exceptions;
- No evidence of a Business Continuity Plan (BCP)
 - No evidence of a Disaster Recovery Plan or Site
 - No evidence of a Network redundancy
- 1.1.16.3 Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) - are sets of activities that result in the ongoing preparedness for disaster that continually adapts to changes in business conditions for improvement. It describes the requirement to restore critical systems and other critical assets, whether in alternate or primary locations.
- 1.1.16.4 Disaster Recovery Plan or Site - is a location where an organization can relocate following a disaster for all critical information and information assets.
- 1.1.16.5 Network redundancy - is a process through which additional or alternate instances of network devices, equipment and communication mediums are installed within a network infrastructure. It is a method for ensuring network availability in case of a network device or path failure and unavailability. As such, it provides a means of a network failover.

Risk

- 1.1.16.6 Failure to develop an approved business continuity plan, disaster recovery plan and network redundancy may result in loss of transactions data in situations where the impact of a disruption on critical business functions occurs.
- 1.1.16.7 Additionally, the lack of an offsite backup facility may lead to loss of service to users, loss of credibility, incomplete and inaccurate records in the event of a disaster.

Recommendation

- 1.1.16.8 Management should develop, approve and operationalize an IT continuity plan, disaster recovery plan and network redundancy as part of their risk mitigation strategy. This may minimize the impact of disruptions on critical business functions and the recovery capability of all services.
- 1.1.16.9 Additionally, Management should obtain an offsite secure location backup facility to provide disaster recovery protection that will safeguard the business and its resources from future disasters.

Management's Response

1.1.16.10 *MoCI accepts GAC recommendation and will henceforth act accordingly.*

Auditor General's Position

1.1.16.11 We acknowledge management's acceptance of our recommendation. We will make a follow up on the implementation of management's assertion.