



## Management Letter

### On the Audit of the Public Procurement and Concessions Commission (PPCC) Financial Statements

*For the Fiscal Period 2018/2019*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
December 2022

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### Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
FCCA	Fellow of Certified Chartered Accountant
AG	Auditor General
CBL	Central Bank of Liberia
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
COSO	Committee of Sponsoring Organizations
CSA	Civil Service Agency
FY	Fiscal Year
GAC	General Auditing Commission
GL	General Ledger
GoL	Government of Liberia
GSA	General Service Agency
INTOSAI	International Organization of Supreme Audit Institution
ISSAI	International Standards of Supreme Audit Institution
IT	Information Technology
LRA	Liberia Revenue Authority
LRD	Liberian Dollars
MFDP	Ministry of Finance and Development Planning
NCB	National Competitive Bidding
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concession Act
PPCC	Public Procurement and Concession Commission
RFQ	Request for Quotation
RL	Republic of Liberia
ToR	Term of Reference
USD	United States Dollars

September 21, 2023

Hon. Bodger Scott Johnson

**Chief Executive Officer (CEO)**

Public Procurement and Concessions Commission (PPCC)

Executive Mansion Ground, Capitol Hill

Monrovia, Liberia

Dear Hon. Johnson:

**RE: Management Letter on the Financial Statement Audit of the Public Procurement and Concessions Commission (PPCC) for the Fiscal Year July 1, 2018 to June 30, 2019.**

**INTRODUCTION**

The Financial Statements of the Public Procurement and Concessions Commission (PPCC) are subject to audit by the Auditor-General (AG) consistent with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Public Financial Management Act of 2009 as Amended and Restated in 2019 and its accompanying Regulations. The audit covered the Fiscal Year July 1, 2018 to June 30, 2019.

The Audit of the PPCC Financial Statements for the Fiscal Year July 1, 2018 to June 30, 2019 has been completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**SCOPE AND DETERMINATION OF RESPONSIBILITY**

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

An audit includes:

- An 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.

The 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. Our responsibility is to express our opinion on these financial statements.

### **Key Personnel of the Commission**

During the Fiscal Year under audit, the following key persons managed the affairs of the Commission. **See detailed below;**

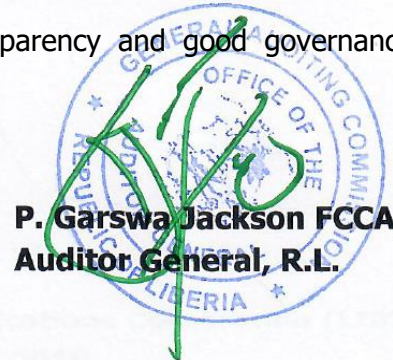
#### **Key Management Personnel**

<b>No.</b>	<b>Name</b>	<b>Rank</b>	<b>Time Served</b>
1	Hon. James Dorbor Jallah	Chief Executive Officer	2014 to 2018
2	Hon. J. Roseline Nagbe-Kowo	Chief Executive Officer	2019 to 2023
3	Mr. Joseph S. D. Suah, Sr.	Director of Finance and Administration	2008 to 2020
4	Lysander B. Wokpeh	Director of Policy Standard and Procedures	2009 to 2020
5	Stevenson S. Yond	Comptroller	2015 to 2020
6	Stevenson S. Yond	Director of Finance and Administration	2020 to Present
7	James T. Sengar	Comptroller	2020 to Present

### **APPRECIATION**

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and Staff of the PPCC during the audit. The audit findings which were identified during the course of the audit are stated below.

Thank you as we strive to promote accountability, transparency and good governance across the Government of Liberia.



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

**Monrovia, Liberia**

September 2023

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Financial Issues

#### 1.1.1 No Automated Detailed General Ledgers and Accounting Software

##### Observation

- 1.1.1.1 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".
- 1.1.1.2 During the audit, we observed that Management did not operate a functional accounting software in recording the transactions of the entity. Financial transactions were recorded manually.
- 1.1.1.3 We further observed that general ledgers and subsidiary ledgers were prepared manually and that there was no trial balance. Financial statements were prepared directly from manual recording of receipts and expenditure schedules.

##### Risk

- 1.1.1.4 The completeness and accuracy of receipts and expenditure may not be assured; therefore, the financial statements may be misstated.
- 1.1.1.5 Financial data may be subjected to unauthorized access, and the integrity and security of financial data may be impaired.
- 1.1.1.6 Management may not fully account for activities of the entity.

##### Recommendation

- 1.1.1.7 Management should procure and operationalize a functional accounting software to record all financial transactions of the entity.
- 1.1.1.8 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 investigated and adjusted (where applicable) in a timely manner.
- 1.1.1.9 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.

### **Management's Response**

- 1.1.1.10 *Management acknowledges the audit observation and the importance of the automated financial reporting software. Management will integrate its current manual excel system with an appropriate financial software in accordance with the IPSAS System to ensure furtherance of accurate and periodic reconciliation between general ledger and financial records.*

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

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

## **1.1.2 Expenditure without Evidence of Adequate Supporting Documentation**

### **Observation**

- 1.1.2.1 P. (2) of the Public Financial Management (PFM) Regulations of 2009 states that "Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".
- 1.1.2.2 During the audit, we observed that Management made payments amounting to USD1,586.40 and LRD172,367.70 without evidence of adequate supporting documents. **Ref. Annexure 1 for details.**

### **Risk**

- 1.1.2.3 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.
- 1.1.2.4 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.1.2.5 Management may override the procurement processes by completing disbursement without utilizing the required procurement processes.

### **Recommendation**

- 1.1.2.6 Management should fully account for the expenditure made without adequate supporting documents.
- 1.1.2.7 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts,

invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting documents should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.1.2.8 *Please see attached relevant supporting documents with the appropriate invoices, bills, etc. in line with the P.9(2) of the PFM Law (tax clearance, business registration and supporting documents attached – Annexure 1). Management has revised its Administrative Manual that makes provision for bereavements, graduations and gifts for special occasions.*

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

1.1.2.9 We reviewed the documents subsequently submitted by Management after our audit execution. Therefore, we have adjusted the transactions without supporting documents to USD1,000.00 (USD1,586.40 – USD586.40) and LRD110,552.70 (LRD172,367.70 - 61,815.00) to be accounted for by Management.

1.1.2.10 Also, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

1.1.2.11 Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

### **1.1.3 Third Party Payments**

#### **Observation**

1.1.3.1 Regulation B. 28 of the PFM Act of 2009 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

1.1.3.2 During the audit, we observed that Management made payments in the name of some of its employees in the amount of USD315.00 LRD18,924.00 for goods and services delivered to the PPCC instead of the service providers or their legally authorized representatives. **See table 1 below for details.**



**Table 1: Third Party Payment**

No.	DATE	VOUCHE R No.	CHECK No.	PAYEE	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)
1	9-Jul-18	1388		Dakuma D.D. Togbah	Payment for diesel to be use in vehicle that transporting PPCC staff for last survey	-	8,904.00
2	28-Mar-19	1542	845555	Dakumu D.D. Togba	Refreshment for PPCC Board of Commisioners	120.00	
3	15-May-19	1595	845564	Kartee Troh	Payment for food items for Board Meetings i.e. Soft Drinks, Water, Sandwich and nuts for Board Members	150.00	
4	26-Mar-19	1548	NIL	Stevenson S. Yond	Payment for diesel fuel for use by PPCC generator for the processing of PPCC payroll and some urgent work	45.00	
5	17-Oct-08	1466	2E+07	Dakumu D.D. Togba	Payment for Lunch for Panel Set up by the Commission to Interview Candidates for the Position of IT Manager	-	7,520.00
6	13-Aug-18	1422	221601	Jerry Kollie	Payment for disassembling and reassembling the auditor desk and other works on the office		2,500.00
					<b>TOTAL</b>	<b>315.00</b>	<b>18,924.00</b>

### Risk

- 1.1.3.3 Paying cash to employee for subsequent disbursement to vendors may facilitate misappropriation of funds.
- 1.1.3.4 This practice may also lead to Management override of the procurement processes by completing disbursement without facilitating due procurement processes.

### Recommendation

- 1.1.3.5 Management should initiate and complete all procurement processes as required by the PPC and the Public Financial Management Acts. All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.

### Management's Response

- 1.1.3.6 *Management notes the auditor assertions and clarifies that these payments were made due to emergency. Due to the urgency and in keeping with internal control procedures, there were request made and approved by the representatives of the Internal Audit Agency (IAA) and the PPCC Management given the amount involved. Please see attached payment receipts from vendors, internal audit approval memo, approved request, etc. PPCC is committed to adhering to the procurement process as required.*

### Auditor General's Position

- 1.1.3.7 The payments made in the name of the individual mentioned above, represent payments to participants for several activities.
- 1.1.3.8 The beneficiaries in question were service providers and each transaction should have prompted separate procurement activities consistent with section B28 of the PFM Regulations. Therefore, we maintain our finding and recommendation.

#### 1.1.4 Non-remittance of Vendor's Withholding Taxes

##### Observation

- 1.1.4.1 Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011 stipulates: "within 10 days after the last day of the month, payer described in (a) is required to remit to the tax authorities the total amount required to be withheld during the month", and (m) stipulates "a person who has a withholding obligation under this section and fails to withhold and remit the amount of tax required to be withheld is subject to Section 52 penalty for late payment and failure to pay".
- 1.1.4.2 During the audit, we observed that Management withheld the total amount of USD248.31 and LRD63,731.37 as withholding taxes from vendors without evidence that the amount was remitted to the LRA. Further, during our review of subsequent transactions, we observed Management did not withhold nor remit withholding taxes on goods and services. **Ref. Annexure 2 for details.**

##### Risk

- 1.1.4.3 Failure to remit taxes withheld may deny GoL of much needed tax revenue.
- 1.1.4.4 Management may be in non-compliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay. Please see Section 52 of the Revenue Code of Liberia as referenced above.
- 1.1.4.5 Non-remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

##### Recommendation

- 1.1.4.6 Management should facilitate full withholding and remittance of withholding taxes to the LRA in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.1.4.7 Management should adjust the cash book by the total value of the non-remitted withholding taxes and restate the financial statements with the adjusted cash balance.

##### Management's Response

- 1.1.4.8 *Management notes the observation and has made best efforts to ensure adhering to the revenue code of Liberia. Please see attached remittance of withholding tax receipts for the period under audit.*
- 1.1.4.9 *The Management of PPCC during the 2018-2019 fiscal year withheld taxes from its vendors in the amount of US\$230.58 and LRD\$32,550.37. These amounts were remitted to Liberia Revenue Authority (LRA). Please see attached payment receipts. Management will continue the timely remittance of withholding taxes.*

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

- 1.1.4.10 We reviewed the documents subsequently submitted by Management after our audit execution. Therefore, we have adjusted the transactions of withholding taxes from vendors to USD174.39 (USD248.31–USD73.92) and LRD45,329.83 (LRD63,731.37 – 18,401.54) to be accounted for by Management.
- 1.1.4.11 Also, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.
- 1.1.4.12 Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

### **1.1.5 Re-allocation of Budgeted Funds**

#### **Observation**

- 1.1.5.1 Regulation E.8 (1) of the PFM Act of 2009 states that where circumstances arise for rearrangement of budget provision, savings under one classification may be utilized to provide for extra expenditure under another without affecting the total funds to be disbursed from the head.
- 1.1.5.2 Additionally, Regulation E.8 (2 and 2h) of the PFM Act of 2009 requires Government entities to seek approval from the Deputy Minister for Budget to reallocate from one budgeted code to another. Request for reallocations within an agency between programs may be approved up to a total for the year not exceeding ten (10) percent of the original appropriation for the program from which the reallocation is to be made.
- 1.1.5.3 Regulation E.8 (3) of the PFM Act of 2009 requires the Deputy Minister for Budget may delegate the power to authorize reallocations to head of government agency, stating clearly the terms and extent of such delegation.
- 1.1.5.4 During the audit, we observed that Management reallocated funds in the amount of USD2,352.00 and LRD317,949.99 from one budget line item to another during the fiscal period. However, Management did not provide documentary evidence justifying the rational of the reallocation.
- 1.1.5.5 Additionally, there was no evidence that reallocation during the period was approved by the Deputy Minister for Budget as required. **See table 2 (A) and 2 (B) for details.**

Re-allocation of Budgeted Fund							TABLE (A)
No.	Date	Payee	Description	Voucher No.	Check No.	Amount USD@40%	Amount LRD@80%
1	17-Jun-19	Ent.	Water Dispenser	1632	00845582	475.00	-
2	21-Jun-19	J. Mart	Area Rug	1636	00845589	115.00	-
3	21-Jun-19	Cross Word	Ice BOX	1640	00845590	68.00	19,762.50
4	21-Jul-19	Cross Word	DesK	1640	00845590/20262423	348.00	101,137.50
5	21-Jul-19	Cross Word	Chair	1640	00845590/20262423	119.60	34,758.75
6	21-Jul-19	Cross Word	Area Rug	1640	00845590/20262423	112.00	32,550.00
7	21-Jul-19	Cross Word	File Cabinet	1640	00845590/20262423	56.00	16,275.00
			<b>TOTAL</b>			<b>1,293.60</b>	<b>204,483.75</b>

Re-allocation of Budgeted Fund							TABLE (B)
No.	Date	Payee	Description	Voucher No.	Check No.	Amount (USD)	Amount (LRD)
1	4-Apr-19	Super Petroleum Corp.	Fuel Lubricant-Veh	1578	00845557	592.00	-
2	4-Dec-18	William Sumo	Payment for Supply of Newspaper Nov. 5-9, 2018 and Nov. 20-23, 2018	1490	20262403	-	2,240.00
3	20-Dec-19	William Sumo	Payment for Supply of Newspaper Nov. 26-30, 2018 and Dec. 20-23, 2018	1491	20262407	-	1,760.00
4	20-Dec-18	Agabous P. Gugba	Payment for materials and workmanship electrical work on bldg.	1493	20262406	-	69,600.00
5	20-Dec-18	Agabous P. Gugba	Payment for materials and workmanship electrical work on bldg.	1492	00845546	290.00	-
6	28-Dec-18	Dakuma D. D. Togbah	Payment represent token of appreciation as Act. Pro. Manager	1494	20262408	-	23,610.00
7	20-Jun-19	Virgo Business Center	Payment for catering Service	1660	00845587	176.40	-
8	29-Jun-19	Saksouk Shopping Center	Payment for provisions for the ED's office (Water Sack, Ovaltine milk	1653	20262438	-	16,256.24
			<b>TOTAL</b>			<b>1,058.40</b>	<b>113,466.24</b>
			<b>TOTAL (A+B)</b>			<b>2,352.00</b>	<b>317,949.99</b>

## Risk

1.1.5.6 Incurring excess expenditure under a budget line item without additional allocation and appropriate approval may lead to misapplication of public funds.

## Recommendation

1.1.5.7 Management should provide substantive justification for unilaterally transferring funds from one budget line item to another without approval from appropriate authority and documentation of budgetary transfer.

1.1.5.8 Going forward, Management should ensure that the rationale of all budgetary transfers are appropriately documented and approved consistent with the PFM Regulations.

## Management's Response

1.1.5.9 Management notes the observation and henceforth, remain committed to uphold the Public Financial Management Law of Liberia.

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

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

1.1.5.11 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

## **1.2 Compliance Issues**

### **1.2.1 Irregularities Associated with Fuel Consumption**

1.2.1.1 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".

1.2.1.2 During the audit, we observed that Management procured and consumed fuel and gasoline amounting to USD8,462.00 and LRD1,505,416.09 without evidence of consumption and distribution logs. **Ref. Annexure 3 for details.**

#### **Risk**

1.2.1.3 Fuel procured may not be based on actual consumption.

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

#### **Recommendation**

1.2.1.5 Management should develop, approve and operationalize a policy on fuel procurement, distribution, consumption, and ensure that proper records are maintained.

1.2.1.6 Management should maintain a fuel consumption and distribution log to aid the entity manage cost and inform future purchase.

1.2.1.7 Evidence of fuel consumption and distribution documents should be adequately filed to facilitate future review.

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

1.2.1.8 *Management notes the audit observation and affirms the acquisition of fuel and gasoline amounting to US\$8,462.00 and LRD\$1,505,416.09 for operation and distribution to staff as benefit. This is evident by copies of approved utilization requisition slips and signed fuel and gasoline distribution list for staff.*

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

1.2.1.9 We reviewed the documents subsequently submitted by Management after our audit execution. Therefore, we have adjusted the transactions of fuel consumption to USD929.50 (USD8,462.64–USD7,533.14) and LRD25,364.24 (LRD1,505,416.09–1,480,051.85) to be accounted for by Management.

1.2.1.10 Also, Management's provision of documents after our review, does not guarantee Management effective control of expenditure liquidation and document management.

1.2.1.11 Going forward, Management should ensure that requested documents for audit purpose are submitted in a timely manner.

### **1.2.2 Irregularities Associated with Fixed Assets Management**

#### **Observation**

1.2.2.1 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."

1.2.2.2 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.
- There was no evidence that all the fixed assets of the entity were coded.

#### **Risk**

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

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

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

1.2.2.6 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.

1.2.2.7 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may impair the achievement of the entity's objectives.

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

### **Recommendation**

1.2.2.9 Management should develop, approve and operationalize a fixed assets Management Policy to regulate fixed assets activities of the entity.

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

1.2.2.11 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.

1.2.2.12 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.

1.2.2.13 The Fixed Assets Register should be updated periodically to reflect all entity's assets.

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

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

### **Management's Response**

1.2.2.16 *The Commission's fixed Assets Register is use to record and monitor movements of all assets and inform management decision on asset disposal. Management will take appropriate actions to update its fixed assets register to include all relevant columns.*

1.2.2.17 *In terms of Fixed Asset Management Polices, the Commission notes GAC observation- PPCC also collaborates with General Services Agency (GSA) for the coding and management of fixed assets. (See attached letter from PPCC to GSA requesting coding). Management will develop Asset Management Policy to enhance its asset management processes. (See Fixed Assets Register and Copy of Letter requesting GSA to code PPCC Assets)*

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

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

1.2.2.19 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

### **1.3 Internal Control Related Activities**

#### **1.3.1 Irregularities Associated with Pre-Numbered Voucher**

##### **Observation**

1.3.1.1 Regulations P.9 of the PFM Act of 2009 states that" (1) All disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers.

1.3.1.2 All payment vouchers shall be typewritten or made out in ink or ball point pen and shall contain or have attached particulars of the services, goods or works procured including dates, numbers, rates so that they can be checked without references to any other document."

1.3.1.3 During the audit, we observed that all payment vouchers prepared by Management for the disbursement of funds during the Fiscal Year 2018/19 were not pre-numbered.

##### **Risk**

1.3.1.4 Failure to ensure that payment vouchers are pre-numbered may lead to duplication of voucher numbers. This may lead to several payments for the same transactions.

##### **Recommendation**

1.3.1.5 Management should ensure that payment vouchers are pre-numbered in a sequential order.

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

1.3.1.6 *The Management of PPCC notes GAC concern about pre-numbering of Vouchers and has taken appropriate steps by acquiring pre-number and printed vouchers. (Please see attached).*

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

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

1.3.1.8 However, Management is in breach of financial discipline in line with Regulation A.20 of the PFM Act of 2009.

#### **1.3.2 Risk Assessment Processes**

##### **Observation**

1.3.2.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) states "In most cases, the board or heads of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring.



1.3.2.2 The organization makes this assessment by (a) Understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risks that are meaningful to the organizations' objectives". Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those important areas".

1.3.2.3 During the audit, we observed no evidence that Management has develop a risk assessment process for identifying, analyzing and evaluating organizational risks. Also, there was no evidence that the Entity has a risk management policy to mitigate internal and external risks that may impair the achievement of the institution's objectives.

### **Risk**

1.3.2.4 The absence of a risk management policy and processes may lead to Management not being aware of potential risks that may affect the operations of the entity.

1.3.2.5 Potential risk to the entity may not be identified, assessed and mitigated/prevented in a timely manner thereby impairing the achievement of the entity's objectives.

### **Recommendation**

1.3.2.6 Management should develop, approve, and operationalize a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.

1.3.2.7 Evidence of approved risk management policy and periodic risk assessment exercises should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.3.2.8 *The risk assessment process of the Commission is usually done by the Internal Audit Agency (IAA) personnel assigned the Commission and make recommendations for appropriate actions to mitigate or avoid identified risks. Management will take concrete step to update its administrative manual to include a Risk Assessment Policy.*

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

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

## **1.3.3 Disaster Recovery Plan**

### **Observation**

1.3.3.1 According to COSO Internal Control Framework on Control Environment, the Management of an entity should develop a documented Disaster Recovery Plan to provide procedures to be followed in the event of a disaster. The plan would mitigate the loss of transaction data and information. The purpose of the plan is to minimize the effects of service interruption of the operations by:

- Specifying procedures to be followed in the event of a disaster or specific situation, especially measures to be put in place to minimize the effects of disasters;
- Assigning responsibilities to various staff members involved in the implementation of the plan;
- Specifying procedures for the restoration of normal service following a disaster.

1.3.3.2 During the audit, we observed no evidence that Management had developed a disaster recovery plan to help recover transaction data and information to ensure continuity.

### **Risk**

1.3.3.3 The failure to establish a disaster recovery plan may result in a complete loss of transaction data and information in the aftermath of disaster.

### **Recommendation**

1.3.3.4 Management should ensure that a disaster recovery plan is established, approved and operationalized as part of its risk mitigation strategy for easy recovery of transaction data and information in the aftermath of disaster.

1.3.3.5 Evidence of disaster recovery plan and routine disaster Management activities should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.3.3.6 *The Commission is currently reestablishing its Network Domain that has been down as a result of faulty server and firewall. The IT Unit has setup a new server that is currently undergoing configuration to re-establish the domain controller that will serve as a proper disaster recovery plan. It will store all the Commission Data to recover in the case of Data recovery.*

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

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

## **1.4 Governance Issue**

### **1.4.1 PPCC Strategic Plan**

#### **Observation**

1.4.1.1 According to COSO Internal Control Framework on Control Environment, the Management of an entity should develop a Strategic Plan to provide procedures to be followed in the event of meeting the entity vision, mission and core values. The plan would clearly define where the entity envisages in a specified time frame. For example, three years or five years. The purpose of the

plan is to measure performance against targeted goals set by management in the execution of its operations by:

- Specifying operational plan to be followed in the event of meeting set goal;
- Assigning responsibilities to various staff members involved in the implementation of the plan;
- Specifying procedures for the continuity of the normal service following the strategic plan.

1.4.1.2 During the audit, we observed that Management did not provide for inspection an approved strategic plan to drive the organization vision, mission and core values, and actions needed to achieve those goals.

### **Risk**

1.4.1.3 In the absence of a strategic plan, organization goals and actions needed to achieve those goals may be impaired.

1.4.1.4 The Entity resources may be misdirected, thereby leading to the non-achievement of organization objectives and goals.

### **Recommendation**

1.4.1.5 Management should develop, approve and operationalize current strategic plan containing strategic goals and objectives, actions needed to achieved those goals, measurement criteria and time line for measurement of goals and objectives.

1.4.1.6 Evidence of approved strategic plan should be adequately documented and filed to facilitate future review.

### **Management's Response**

1.4.1.7 *Please note, a draft copy of a strategic Plan for the period under review is available. Management has however made considerable improvement and has approved copy of a strategic Plan also attached (See attachments as stated).*

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

1.4.1.8 The draft copy of the strategic plan subsequently submitted by Management after our audit execution show no evidence of approval by the Board of Commissioners. The entity's strategic plan should be approved by the Board of Commissioners so that Management can take responsibility for the implementation of operationalizing the strategic goals and objectives of the Commission.

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

#### **1.4.1 Establishment of an Audit Committee**

##### **Observation**

- 1.4.1.1 Regulation K.10 of the PFM Act of 2009 as restated in 2019 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'.
- 1.4.1.2 During the audit, we observed that no Audit Committee was established at the entity to monitor and address audit matters at the institution as required.

##### **Risk**

- 1.4.1.3 Audit issues and lapses identified in the entity's internal control system may not be appropriately monitored and addressed due to the lack of audit committee.
- 1.4.1.4 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

##### **Recommendation**

- 1.4.1.5 Management should liaise with the Board of Commissioners to establish a functional board of directors, including a functional audit committee. The audit committee should be functional evidenced by the documentation of periodic meeting minutes and activities reports.

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

- 1.4.1.6 *Management notes your assertions and states that an Audit Committee will be established in line with PFM regulations; However, the IAA during the Fy18/19 under review, carried on functions of monitoring transactions and operations at the PPCC.*

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

- 1.4.1.7 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.4.1.8 The audit committee is a non-executive committee of the Board that provide oversight activities over financial management and reporting, compliance with laws and regulations, implementation of internal and external audit recommendations, etc. This committee function is separate from the internal audit function perform by the Internal Audit Agency.

## **1.5 IT Related Issues**

### **1.5.1 IT Continuity Plans**

#### **Observation**

- 1.5.1.1 DS 4.2 of COBIT 4.1, Develop IT continuity plans based on the framework and designed to reduce the impact of a major disruption on key business functions and processes. The plans should be based on risk understanding of potential business impacts and address requirements for resilience, alternative processing and recovery capability of all critical IT services. They should also cover usage guidelines, roles and responsibilities, procedures, communication processes, and the testing approach.
- 1.5.1.2 During the audit, our review of the system revealed that there was no evidence of an approved IT Continuity Plan established by Management to aid the recovery of transaction data and information and to ensure business processing and recovery capability.

#### **Risk**

- 1.5.1.3 The failure to establish a Business Continuity Plan may result in loss of transaction data and information in a situation where the impact of a major disruption on key business functions and processes occur.

#### **Recommendation**

- 1.5.1.4 Management should ensure that a Business Continuity Plan is established, approved and operationalized as part of their risk mitigation strategy.
- 1.5.1.5 Evidence of approved IT continuity plan should be adequately documented and filed to facilitate future review.

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

- 1.5.1.6 *Management notes GAC assertions and will develop an IT continuity plan.*

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

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

### **1.5.2 Environmental Control**

#### **Observation**

- 1.5.2.1 DS 12.4 of COBIT 4.1, Protection against Environmental Factors Design and implement measures for protection against environmental factors. Install specialized equipment and devices to monitor and control the environment.

1.5.2.2 During the audit, we observed that the server at the IT Department was not separated from the siting facility and document storage of the IT staff.

1.5.2.3 We also observed that the air conditioner has a low capacity, and that the Entity has limited specialized equipment and devices to monitor and minimized disaster. Additionally, the following lapses were observed:

- Out-dated Fire extinguishers
- Low capacity Air conditioning systems (especially in server room)
- There was no evidence of fire drill been conducted by Management.

### **Risk**

1.5.2.4 Failure to separate PPCC staff workstation from server room may result into potential safety hazard, in the event of a disaster.

1.5.2.5 In addition, failure to install or maintain fire precaution measures, and practice fire drills regularly may put both equipment and personnel at risk.

### **Recommendation**

1.5.2.6 Management should provide for PPCC staff a workstation from sever room. The Air conditioning system in the server room should be enhance to the require temperature.

1.5.2.7 In addition, Management should install and maintain fire precaution to implement measures for protection against environmental factors and practice fire drills regularly to safeguard personnel and IT equipment.

### **Management's Response**

1.5.2.8 *Management notes GAC assertions and will adhere to the audit recommendation.*

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

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

## **1.5.3 IT Security Policy**

### **Observation**

1.5.3.1 According to DS5 of COBIT 4.1: The need to maintain the integrity of information and protect IT assets requires a security management process, this process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

1.5.3.2 During the audit, we observed no evidence of an approved IT security policy to maintain the integrity of information and identified security weaknesses. In addition, our review revealed that employees are not password protected in using the internet; they have access to the internet by means of the server password. This means that the employees have an open-source access to the internet.

**Risk**

1.5.3.3 The absence of an approved IT security policy may impair data privacy, integrity and security.

**Recommendation**

1.5.3.4 Management should develop, approve and operationalize an IT security policy to control and safeguard the physical hardware, data processes, documentation and personnel of the entity.

1.5.3.5 Evidence of approved IT security policy should be adequately documented and filed to facilitate future review.

**Management's Response**

1.5.3.6 *Management notes GAC assertions and will adhere to the audit recommendation.*

**Auditor General's Position**

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

**ANNEXURE**

EXPENDITURE LACKING ADEQUATE SUPPORTING DOCUMENTATION									ANNEXURE-1
No.	DATE	VOUCHER No.	CHECK No.	PAYEE/ACCOUNT	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	COMMENT	
1	6-Jul-18	1387	20262375	Kpazey A. Freeman	Payment represent Securities transportation	-	27,023.40	No evidence of policy document to support the payment	
2	11-Mar-19	1544	845552	Mamadee Konneh	Payment to Mr Konneh for servicing of Toyota Hiace	50.00	-	No evidence of Business Registration, Tax Clearance and Qoutation	
3	20-12-18	1493	20262406	Agabous P. Gugbay	Payment for mateials and workmanship for repair of PPCC electrical work on bldg.	-	69,600.00	No evidence of Business Registration, Tax Clearance, Qoutation and delivey notes	
4	20-12-18	1492	00845546	Agabous P. Gugbay	Payment for mateials and workmanship for repair of PPCC electrical work on bldg.	290.00	-	No evidence of Business Registration, Tax Clearance, Qoutation and delivey notes	
5	23-May-19	1608	845571	Massa E. Sambola	Payment of Transportation Reimbursement to Journalist to Cover the Procurement Compliance	160.00	-	No evidence of policy document to support the payment	
6	22-Nov-18	1473	845539	Samuel Somah	Payment of ID card software to complete the printing of employees ID card	100.00	-	No evidence of Business Registration, Tax Clearance and Qoutation	
7	28-Jun-19	1650	00962814	Mamadee Konneh	Payment of Workmanship for two PPCC Veh.	400.00	-	No evidence of Business Registration, Tax Clearance and Qoutation	
8	16-Oct-18	1467	20262396	John Zubah Gayflor	Payment for Gabage Collection from the PPCC Compound	-	13,929.30	No evidence of Business Registration, Tax Clearance and Qoutation	
				<b>TOTAL</b>		<b>1,000.00</b>	<b>110,552.70</b>		



Non-remittance of Vendor's Withholding Taxes							Annexure -2	
No.	DATE	VOUCHE R No.	CHECK No.	PAYEE/ACCOUNT	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	
1	28-06-19	1658		Aminata & Son	Payment for 2385 gals. of gasoline coupons & 700 Gallons of Diesel Coupon	20.68	-	
2	28-06-19	1659		Aminata & Son	Payment for 2385 gals. of gasoline coupons & 700 gals. of diesel Coupon	-	16,140.18	
3	28-06-19	1657		Aminata & Son	Payment for 2385 gals. of gasoline coupons & 700 Gallons of Diesel Coupon	20.67	-	
4	28-Jun-19	1661		Aminata & Son	Partial payments for amount owe Aminata for fiscal year 2017/2018	15.00	-	
5	28-Jun-19	1646	9962811	Elias Anotoune	Part Payment of Amount owed Elias Anotoune Motors for Vehicl Repair & Maintainance	10.00	-	
6	29-Jun-19	1653	20262438	Saksouk Shopping Center	Payment for provisions for the ED's office (Water Sack, Ovaltine milk	-	331.76	
7	29-Jun-18	1664	20262431	City Builders Inc	Payment for assorted building materials for the repair of PPCC building	-	3,564.00	
8	29-Jun-19	1663	962817	City Builders Inc	Payment for assorted building materials for the repair of PPCC building	12.00	-	
9	29-Jun-19	1656	20262437	Daun Plumbing Services	Payment for pluming and construction materials including labor cost	-	17,270.57	
10	28-Jun-19	1668	962823	Building materials Center Inc	Payment for conference room rehabilitation	10.28	-	
11	June 29, 20	1676	962825	Earth Co. Welding Shop	Payment for welding rod cutting disc and workmanship	38.88	-	
12	29-Jun-19	1669	962812	Madina Rock Crusher Inc	Payment for two load of crush for PPCC drive way	16.64	-	
13	29-Jun-19	1674	20262432	Divine Graphix Inc.	Payment for the Printing of Jackets and Caaller T-shirts with Incriptions, Symbols, Seal of the Republic of Liberia and PPCC Logo	8.40	-	
14	20-06-19	1660	00845587	Virgo Business Center	Payment for catering Service	3.60	-	
15	28-Jun-19	1665	00962802	Electric City	Payment of 1 Asus V551m laptop charger and & 1 HP office jet printer power printer	2.50	-	
16	17-Jun-19	1631	00845581	Auto Spare Service	Payment for fuel filter, Oil filter and Engine Oil for the sericing of PPCC 100 KVA	4.40	-	
17	28-Jun-19	1645	00962821	Office Ideas	Payment for Semi-Executive Chair, low backswival and home base armrest, tilt lock	4.40	-	
18	26-Jun-19	1643	845595	Global Trust Assurance	Payment for motor insurance for PPCC vehicle for the period of july1,2018 to june 30, 2019	27.61	-	
19	26-Jun-19	1644	20262426	Global Trust Assurance	Payment for motor insurance for PPCC vehicle for the period of july1,2018 to june 30, 2019	-	8,023.32	
				<b>TOTAL</b>		<b>195.06</b>	<b>45,329.83</b>	

Management Letter on the Financial Statements Audit of  
The Public Procurement and Concessions Commission (PPCC)  
for the fiscal periods 2018/2019

											ANNEXURE-3			
IRREGULARITIES ASSOCIATED WITH FUEL AND GASOLINE CONSUMPTION											UNIT PRICE		ADJUSTED AMOUNT	
No	DATE	VOUCHER #	PAYEE	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	QTY PURCHASED	QTY DISTRIBUTED	QTY OUTSTANDING	USD	LRD	USD	LRD	
1	9-Jul-18	1388	Dakuma D.D.Togbah	Payment for diesel to be used in vehicle to transport PPCC staff for last survey	-	8,904.00	15gallons	0	15	593.60		8,904.00		
2	27-Jul-18	1401	Super petroleum	Payment for 30 gallons of diesel for use in PPCC 100 KVA generator	110.00		30 gallons	19	11	3.70		40.00	-	
3	8-Aug-18	1412	Super petroleum	Payment for 30 gallons of diesel for use in PPCC 100 KVA generator	-	16,460.24	30gallons	0	30	548.67		16,460.24		
4	22-Aug-18	1421	Super petroleum	Payment for 50 gallons of diesel in coupons for use by PPCC vehicle to Bong & Nimba	185.00		50gallons	0	50	3.70		185.00	-	
5	22-Nov-18	1475	Aminata & Son	Paymentfor 720 gallons of diesel for PPCC vehicles and generators	1,126.80		720gallons	640	80	3.95		316.00	-	
6	22-Nov-18	620	Aminata & Son	Paymentfor 720 gallons of diesel for PPCC vehicles and generators	-	264,296.61				618.05				
7	4-Apr-19	1578	Super petroleum	Payment for 160 gallons of diesel coupons for PPCC	592.00		160gallons	85	75	3.70		277.50		
8	6-Jun-19	1627	Super petroleum	Payment for 110 gallons of diesel coupons for Commission	407.00		110gallons	105	5	3.70		18.50		
9	24-Jun-19	945	Super petroleum	Payment for 110 gallons of diesel coupons for PPCC generator	407.00		110gallons	85	25	3.70		92.50		
10	28-Jun-19	1658	Aminata & Son	Paymentof 2385 gallons of gasoline coupons & 700 Gallons of Diesel Coupon	4,134.84		2385gallons	2385	0	3.70		-		
11	28-Jun-19	1659	Aminata & Son	Paymentof 2385 gallons of gasoline coupons & 700 Gallons of Diesel Coupon	-	1,215,755.24			0		732.60	-		
12	28-Jun-19	1661	Aminata & Son	Partial payments for amount owe aminata for fiscal year 2017/2018	1,500.00			0	0	3.70		-		
				<b>TOTAL</b>	<b>8,462.64</b>	<b>1,505,416.09</b>		3319	291			<b>929.50</b>	<b>25,364.24</b>	