



Management Letter

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

For the Fiscal Period 2020/2021



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
FY	Fiscal Year
GAC	General Auditing Commission
GL	General Ledger
GoL	Government of Liberia
INTOSAI	International Organization of Supreme Audit Institution
ISSAI	International Standards of Supreme Audit Institution
LBDI	Liberia Bank for Development and Investment
LRD	Liberian Dollars
NCB	National Competitive Bidding
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concession Act
PPCC	Public Procurement and Concession Committee
RFQ	Request for Quotation
RL	Republic of Liberia
ToR	Term of Reference
UNDP	United Nations Development Programme
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
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, 2020 to June 30, 2021.

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, 2020 to June 30, 2021.

The Audit of the PPCC Financial Statements for the Fiscal Year July 1, 2020 to June 30, 2021 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

No.	Name	Rank	Time Served
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.*

1.1.1.11 *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

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

1.1.2 Expenditure without Evidence of Adequate Supporting Documentation

Observation

1.1.2.1 P.9 (2) of the Public Finance 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 USD3,178.90 and LRD527,250.00 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 cannot 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 ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.

Management's Response

- 1.1.2.7 *Please see attached relevant supporting documents with the appropriate invoices, bills, etc. in line with the P.9(2) of the PFM Law. Relating to the query comment: No evidence of threshold policy for reimbursement, the payments were for emergency vehicle repairs due to break downs (please see supporting documents attached for Annexure 1). Management has revised its Administrative Manual that makes provision for bereavements, graduations and gifts for special occasions.*
- 1.1.2.8 *Note: The payment for front brake pad and workmanship for the Executive Director's vehicle was made directly to the vendor (Auto Spare Garage) that performed the service. As such, it does not require reimbursement as stated in Annexure 1.*

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 USD1,255.00 (USD3,178.90–USD1,923.90) and LRD71,950.00 (LRD527,250.00–LRD455,300.00) 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. Therefore, we maintain our recommendations.

1.1.3 Payment without Business Registration & Tax Clearance Certificates

Observation

- 1.1.3.1 Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 states that "A Government Agency shall procure government inventories from persons whose business is registered by the Registrar General's Office and any Government Agency that requires an exemption for any specific case shall apply to the head of government agency with the necessary justification."
- 1.1.3.2 Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010 states that Bids which are not complete, not signed, not accompanied by a bid security in the prescribed form, if one is required, or not accompanied by essential supporting documents such as business registration certificates, business licenses and tax receipts, or are substantially non-responsive to the technical specifications or contract conditions or other critical requirements in the bidding documents, shall be rejected and excluded from further evaluation and comparison

1.1.3.3 During the audit, we observed that Management authorized several payments amounting to USD3,987.00 and LRD912,661.20 without a valid business registration & tax clearance. **Ref. Annexure 2 for Details.**

Risk

1.1.3.4 Management's failure to obtain valid business registrations and tax receipts from vendors may deny Government of the needed tax revenues.

1.1.3.5 Management may be in non-compliance with Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010. Please see Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act as referenced above.

Recommendation

1.1.3.6 Management should ensure that for all transaction involving procurement of goods and services, valid Business Registration Certificate and valid Tax Clearance should be obtained as required by Part U.9. (4) of the Public Financial Management (PFM) Regulation of 2010 and Part V Section 62 (2) of the Public Procurement and Concession (PPC) Act of 2005 amended and restated in 2010.

Management's Response

1.1.3.7 *Please see attached the various Business registration and Tax Clearance Annexure 2*

Auditor General's Position

1.1.3.8 We reviewed the documents subsequently submitted by Management after our audit execution. Therefore, we have adjusted the transactions of invalid business registration and tax clearance to USD891.00 (USD3,987.00–USD3,096.00) and LRD320,949.20 (LRD912,661.20–LRD591,712.00) to be accounted for by Management.

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

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

1.1.4 Non-remittance of Tax Deductions

Observation

1.1.4.1 Regulation T.9 (2) of the Public Financial Management Act of 2009 states that "A head of government agency shall ensure that deductions made from salaries are paid directly into the Consolidated Fund unless otherwise stated in the agreement covering the advance."

1.1.4.2 Furthermore, 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".

- 1.1.4.3 During the audit, we observed no evidence of remittance of Income Taxes and Social Security Contributions amounting to USD161,924.15 and USD30,749.99 as deduction made from employees' salaries respectively.

Risk

- 1.1.4.4 Failure to remit withholding taxes may deny GOL of the needed tax revenue. Management may be non-compliant with laws and regulations.
- 1.1.4.5 Failure to remit employees' Social Security Contribution, employees may not receive their retirement benefits upon retirement.

Recommendation

- 1.1.4.6 Management should liaise with the Ministry of Finance and Development Planning (MFDP) to facilitate full remittance of Income Taxes and Social Security Contributions deducted from employees for the period to the designated accounts of the Government of Liberia.
- 1.1.4.7 Evidence of Income Taxes and Social Security Contributions deducted and remitted by the Ministry of Finance and Development Planning (MFDP) should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.4.8 *The MFDP withholds the income and Social Security taxes prior to the issuance of the actual employees' payroll checks. Therefore, said remittances are sent to the relevant entities by MFDP.*

Auditor General's Position

- 1.1.4.9 We acknowledge Management's assertion. However, Management should obtain and adequately file evidences of remittances of Social Security Contributions to NASSCORP on behalf of the entity to validate that deductions made to employees' salary are remitted accordingly as required.

1.1.5 Non-remittance of Vendor's withholding Taxes

Observation

- 1.1.5.1 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”.

1.1.5.2 During the audit, we observed that Management did not withhold nor remit withholding taxes on goods and services.

Risk

1.1.5.3 Failure to withheld and remit taxes may deny GoL of much needed tax revenue.

1.1.5.4 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.

1.1.5.5 Non-remittance of withholding taxes may lead to overstatement of the cash book and subsequently the financial statements.

Recommendation

1.1.5.6 Management should facilitate full 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.

1.1.5.7 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

1.1.5.8 *Management notes the observation and will continue the withholding and remittance of taxes from vendors.*

Auditor General’s Position

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

1.1.6 Re-allocation of Budgeted Funds

Observation

1.1.6.1 Regulation E.8 (1) of the PFM Act of 2009 clarifies 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.

1.1.6.2 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.

- 1.1.6.3 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.
- 1.1.6.4 During the audit, we observed that Management reallocated funds in the amount of USD650.00 and LRD663,719.00 from one budget line item to another during the fiscal period. However, Management did not provide documentary evidence justifying the rational of the reallocation.
- 1.1.6.5 Additionally, there was no evidence that reallocation during the period was approved by the Deputy Minister for Budget as requires. **Ref Annexure 3 for details.**

Risk

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

Recommendation

- 1.1.6.7 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 transferred.
- 1.1.6.8 Going forward, Management should ensure that the rational of all budgetary transfers are appropriately documented and approved consistent with the PFM Regulations.

Management's Response

- 1.1.6.9 *Management notes the observation and henceforth, remain committed to uphold the public Financial Management Law of Liberia.*

Auditor General's Position

- 1.1.6.10 We acknowledge Management's acceptance of our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.1.6.11 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 Fixed Assets Management

Observation

- 1.2.1.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:
- the date and other details of the voucher or other document on which the items were received or issued;
 - their serial numbers where appropriate; and
 - their distribution to individual locations and the total quantity held."
- 1.2.1.2 During the audit, we observed the following irregularities associated with the Fixed Assets Management System:
- There was no evidence of a fixed assets management policy.
 - The fixed assets register did not contain all the relevant columns.
 - The fixed assets register was not regularly updated.
 - There was no evidence of periodic physical verification of assets by Management
 - There was no evidence of movement of assets form.
 - There was no history of disposal of assets.
 - There was no evidence that all the fixed Asset of the entity were coded.

Risk

- 1.2.1.3 Fixed Assets Register may be misstated (Over/understated).
- 1.2.1.4 Assets may be damaged or impaired but their values are still on the books.
- 1.2.1.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.2.1.6 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.
- 1.2.1.7 Failure to properly account for fixed assets may lead to theft and misapplication of equipment/materials. This may result in the non-achievement of the entity's objectives.
- 1.2.1.8 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

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

- 1.2.1.10 Management should set assets value to be recorded, developed and maintained.
- 1.2.1.11 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.
- 1.2.1.12 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.
- 1.2.1.13 The Fixed Assets Register should be updated periodically to reflect all entity's assets.
- 1.2.1.14 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.2.1.15 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

- 1.2.1.16 *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.*
- 1.2.1.17 *In terms of Fixed Asset Management Policies, 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 process.*
- 1.2.1.18 *The PPCC has a history of disposal of assets done in accordance with the PPCA and in collaboration with the GSA. Please see attached relevant document.*

Auditor General's Position

- 1.2.1.19 We acknowledge Management's acceptance of our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.2.1.20 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 (1) and (2) of the PFM Act of 2009 states (1) "All disbursements or payments of public moneys shall be properly supported by pre-numbered payment vouchers. (2) Payments except for statutory transfers and debt service shall be supported by invoices, bills and other documents in addition to the payment vouchers".
- 1.3.1.2 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

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

Recommendation

- 1.3.1.4 Management should ensure that payment vouchers are pre-numbered and in sequential order.

Management's Response

- 1.3.1.5 *The Management of PPCC Notes GAC concern about pre-numbering of vouchers and has taken appropriate steps by acquiring pre-numbered and printed vouchers. (Please see attached)*

Auditor General's Position

- 1.3.1.6 We acknowledge Management's acceptance of our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.
- 1.3.1.7 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 could severely impact 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 impact 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 at 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 findings and recommendation. We will follow-up on the implementation of our recommendation 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 set up 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 findings and recommendation. We will follow-up on the implementation of our recommendation 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 could 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 goal 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 *The Commission has an approved strategic plan for the period under review. The strategic plan has an implementation period of five years, 2021-2025. Please note, a copy of a Strategic Plan for the period under review is available. (See attached a copy 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 finding and recommendations during subsequent audit.

1.4.2 Establishment of an Audit Committee

Observation

- 1.4.2.1 Part K, Regulation (K.10) of the PFM Regulations of 2009 states that "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".
- 1.4.2.1 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

- 1.4.2.2 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.
- 1.4.2.3 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

Recommendation

- 1.4.2.4 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 meetings minutes and activities reports.

Management's Response

- 1.4.2.5 *Management notes your assertions and states that an Audit Committee will be established in line with PFM regulations; However, the IAA during the FY 20/21 under review, carried on functions of monitoring transactions and operations at the PPCC.*

Auditor General's Position

- 1.4.2.6 We acknowledge Management's acceptance of our finding and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.4.2.7 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 in accordance with the Government's ICT Policy.*

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. More besides, 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 PPCC staff workstation from server room, in the event of disaster this could lead to destruction of personnel and equipment. In the situation of a disaster, the grouping of IT staffer in the same facilitate with the server may result into potential safety hazard.

1.5.2.5 In addition, failure to install or maintain fire precaution measures, and practice fire drills regularly could 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 observation 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 recommendation during subsequent audit.

1.5.3 IT's 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 that 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 observations 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.	PAYEE/ACCOUNT	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	COMMENT
1	29-Dec-20	1444	Himmie Eugene Langford	Reimbursement for payment done on behalf of PPCC to repair vehicle		27,000.00	No evidence of threshold policy for reimbursement
2	8-Oct-20	1359	Auto Spare Garage	Payment for Front Break Pad and Workmanship for ED Vehicle		24,000.00	No evidence of threshold policy for reimbursement
3	24-Nov-20	1405	Bodger Scott Johnson	Reimbursement to PPCC Act. Commissioners Chairman(Bodger Scott Johnson) for the Repair of PPCC Vehicle	250.00		No evidence of threshold policy for reimbursement
4	26-Nov-20	1409	Bodger Scott Johnson	Reimbursement to PPCC Act. Commissioners Chairman(Bodger Scott Johnson) for the Repair of PPCC Vehicle	180.00		No evidence of threshold policy for reimbursement
5	12-Apr-21	1910	Stevensons S. Yond	Reimbursement to Mr. Stevenson S. Yond for the Repair & Maint. of Renault Veh LB-6007 Assigned the Finance & Adm Director. Replacement of Fuel and Workmanship	145.00		No evidence of threshold policy for reimbursement
6	17-Mar-21	1583	Sando D. Taylor	Reimbursement to PPCC Mechanic Driver Mr. Sando D. Taylor Repair & Maint. of Commission's Bus that Broke Down on March 12, 2021	130.00		No evidence of threshold policy for reimbursement
7	19-Apr-21	1906	Aaron W. Barchue	Reimbursement to the Legal Counsel for the Repair & Maintenance of Veh. Assigned to him	210.00		No evidence of threshold policy for reimbursement
8	17-Mar-21	1584	Himmie E. Langford	Reimbursement to Mr. Himmie E. Langford for the purchase of used tyre	120.00		No evidence of threshold policy for reimbursement
9	2-Feb--21	1552	Nathan N. Bengu	Reimbursement to Mr. Nathan N. Bengu (Cummnication Director) for expenses	80.00		No evidence of threshold policy for reimbursement
10	17-Aug-20			Payment of washing of PPCC vehicles		5,000.00	Unsupported Payment
11	2-Dec-20			Payment for transportion and lunch		3,000.00	Unsupported Payment
12	26-May-21			Payment for rubber box to store provision		11,410.00	Unsupported Payment
13	20-Jan-21			Payment for CB-8159 car plate	140.00	-	Unsupported Payment
14	15-Oct-20			Payment for Newspapers		280.00	Unsupported Payment
15	4-Feb-21			Payment for One(10) Blue Ledger		1,260.00	Unsupported Payment
				TOTAL	1,255.00	71,950.00	

BUSINESS REGISTRATION AND TAX CLEARANCE							ANNEXURE-2
No.	DATE	VOUCHER No.	PAYEE/ACCOUNT	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	COMMENT
1	19-Feb-20	1795	Auto Spare Parts	Payment for emergency servicing of PPCC bus to carry staff	410.00		No Evidence of Tax Clearance and Business Registration
2	25-Mar-21	1593	Auto Spare Garage	Payment for Spare Parts & Workmanship for the Repair & Maintenance of PPCC Bus with Plate Number LB-6002/HAICE	381.00		No Evidence of Tax Clearance and Business Registration
3	9-Feb-21	1554	Nathaniel D. Dalieh, Jr.	PMT for the Repair of the Commission's Printers Canon 2520	100.00		No evidence of Business Registration, Quotation and Tax Clearance
4	6-May-21	1925	Lamie Wiles	Payment for production and supply		30,949.20	No evidence of business Registration and Tax Clearance
5	27-Nov-20	1443	Office Ideals	Payment for assorted stationery and supplies		290,000.00	No Evidence of Tax Clearance and Business Registration
				TOTAL	891.00	320,949.20	

RE-ALLOCATION OF BUDGETED FUNDS							ANNEXURE-3
No.	DATE	VOUCHER No.	PAYEE/ACCOUNT	DESCRIPTION	AMOUNT (USD)	AMOUNT (LRD)	COMMENT
1	24-Jul-20	1815	Daun Plumbing Services	Painting of PPCC building		50,000.00	Reallocation of Repair & Maint. Civil. to Repair & Maint. Mach, Equip. without approval Evidence that Withholding Tax was paid
2	30-Jul-20	1818	Light House Electrical Ltd.	Payment for Electrical Materials for Repair Works in the Vendors Registration Office		32,520.00	Reallocation of Repair & Main. Civil to Repair & Maint. Mach. Equip without approval. No Evidence of Withholding Tax being Paid or Deposited.
3	14-Aug-20	1826	Office Ideas	Stationery 40% LRD payment		84,400.00	Reallocation of Newspaper, Book & Periodical to Stationery without approval
4	8-Oct-20	1361	Technotech Inc.	Payment for energy saver bulb		57,000.00	Reallocation of Repair & Maint. Civil. to Repair & Maint. Mach, Equip. without approval Evidence that Withholding Tax was paid
5	17-Nov-20	1410	Technotech Inc.	Payment for Engine Oil, Fuel and Air Filters Including Workmanship for the Servicing of PPCC Generator		39,950.00	Reallocation of Repair & Maint. Gen. to Repair & Maint. Mach. Equip without approval. No Evidence of Withholding Tax being Paid or Deposited. Misclassified under repair and maint. Civil in GL
6	18-Nov-20	1413	Saksouk shopping center	Payment for consumables breakfast items for emergency board meeting		14,059.00	Reallocation of Entertainment to Other Office Supplies and Consumable without approval. No evidence of withholding deducted and remitted
7	10-Dec-20	1415	City Builder Inc.	Payment for paints, rollers, brushes, thinner etc.	-	194,990.00	Reallocation of Repair & Maint. Civil to Repair & Maint. Veh. Without approval
8	18-Feb-21	1566	Technotech Inc.	Payment for Servicing of PPCC Generator i.e. Spare Parts & Workmanship		117,900.00	Reallocation of Repair & Maint. Gen. to Repair & Maint. Equip. without approval. No Evidence of Withholding Tax being Paid or Deposited
9	18-Feb-21	1567	Office Ideas	Payment for Catridge Toner, Smart Drumunit and Catridge 85A Black		53,100.00	Reallocation of Computer Supplies, Parts & Cabling to Repair & Maint. Mach, Equip without approval. Evidence that Withholding Tax was paid
10	3-Mar-21	1573	Auto Care Center	Payment for Seventy Five(75) Amp. Battery for use in the ED Vehicle		19,800.00	Reallocation of Entertainment to Repair & Maint. Veh. Without approval and no evidence of withholding tax
11	28-Jun-21	1908	Divine Graphix Inc	Payment for two pieces of Liberian flag for commission	400.00		Reallocation of other supplies and Consumable to Newspaper Book and Periodical without approval. Expired Tax Clearance
12	29-Jun-21	1914	Green City Inc	Payment for bulding fumigation	250.00		Reallocation of Repair & Maint. Civil to Repair & Maint. Veh. Without approval
TOTAL					650.00	663,719.00	