

Management Letter

**On the Financial Statement Audit of the Regional Disease Surveillance System
Enhancement Phase II Project (REDISSE)**

For the eighteen (18) months ended December 31, 2022



Promoting Accountability of Public Resources

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

Monrovia, Liberia
June 2023

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Acronyms

Acronyms/Abbreviations/Symbol	Meaning
AFP	Audit Focal Person
AG	Auditor General
APA	Assistant Project Accountant
CBL	Central Bank of Liberia
CCC	Community Care Center
CARI	Central Agricultural Research Institute
CGMA	Chartered Global Management Accountant
CPA	Certified Public Accountant
DSA	Daily Sustenance Allowance
EERP	Ebola Emergency Response Project
EVD	Ebola Virus Disease
FS	Financial Statements
GAC	General Auditing Commission
GoL	Government of Liberia
HSSP	Health System Strengthening Project
IBRD	International Bank for Reconstruction And Development
IDA	International Development Association
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
MOH	Ministry of Health
PFMU	Project Financial Management Unit
PIM	Project Implementation Manual
PPC	Public Procurement and Concessions Act
PIU	Project Implementation Unit
SPA	Senior Project Accountant
WHO	World Health Organization



June 30, 2023

Dr. Wilhelmina Jallah
Minster
Ministry of Health
Congo Town
Paynesville City, Liberia

Dear Dr. Jallah:

Re: Management Letter on the Financial Statement Audit of the Regional Disease Surveillance System Enhancement Phase II Project (REDISSE) for the Eighteen (18) Months ended December 31, 2022.

The Financial Statements of the Regional Disease Surveillance System Enhancement Phase II Project (REDISSE) for the eighteen (18) months ended December 31, 2022 are subject to audit by the Auditor General (AG) consistent with the Auditor General's mandate as provided for under section 2.1.3 of the GAC Act of 2014 and the Audit Engagement Term of Reference.

INTRODUCTION

The audit of the REDISSE financial statements for the eighteen (18) months ended December 31, 2022 has been completed; the purpose of this letter is to bring to your attention the findings that were revealed during the conduct of the audit.

SCOPE AND DETERMINATION OF RESPONSIBILITY

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

An audit includes:

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

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

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

*Management Letter on the Financial Statement Audit of the Regional Disease Surveillance Systems Enhancement (REDISSE) Phase II Project
For the Eighteen (18) Months Ended December 31, 2022*

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management. Our responsibility is to express our opinion on these financial statements for the eighteen (18) months ended December 31, 2022.

The audit findings which were identified during the conduct of the audit are included below.

Appreciation

We would like to express our appreciation for the courtesy extended and assistance rendered by the Management and staff of the Regional Disease Surveillance System Enhancement Phase II Project (REDISSE) Project during the audit. The audit findings which were identified during the conduct of the audit are included below:

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



Monrovia, Liberia
June 2023



1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Financial Issues

1.1.1 Unremitted Taxes to the Liberia Revenue Authority (LRA)

Observation

- 1.1.1.1 Section 6 paragraph 6.5.1 of the PFMU Financial Procedure Manuel states, "the cash book shall be reconciled monthly to the bank statement within 10 working days of the month end. Difference deriving there from shall be investigated and resolved promptly. Unpresented checks will be written back in the project's books of account one month after the negotiable period of six (6) months has elapsed."
- 1.1.1.2 Additionally, 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".
- 1.1.1.3 During the audit, we observed that Management withheld the total amount of US\$34,158 as taxes from payment of services rendered by staff and consultants of the project.
- 1.1.1.4 However, there was no evidence that the taxes were remitted to the Liberian Revenue Authority (LRA). **See table 1 below for details:**

Table 1: Staff Unremitted Taxes to the Liberia Revenue Authority

	Position	Gross Salary US\$	10% income tax US\$	Total number of months	Total amount of tax US\$
1	Nat'l Technical coordinator	4,700.00	470	18	8,460.00
2	Procurement officer	2,750.00	275	18	4,950.00
3	Environmental & Safeguard officer	2,500.00	250	17	4,250.00
4	Animal health liaison officer	2,500.00	250	11	2,750.00
5	Human health liaison officer	1,870.00	187	14	2,618.00
6	Finance Assistant	1,100.00	110	16	1,760.00
7	Laboratory consultant	3,500.00	350	17	5,950.00
8	Communication officer	1,900.00	190	18	3,420.00
Total					34,158.00

Risk

- 1.1.1.5 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.1.6 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay.



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

Recommendation

- 1.1.1.8 Management should provide substantive justification for not remitting withholding taxes to the LRA.
- 1.1.1.9 Going forward, Management should withhold all taxes and facilitate full remittance of same to the General Revenue Account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011. Evidence of remittance of withholding taxes should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.10 *PFMU has worked and continue to engage with the stakeholders on this GOL flag receipt issue for tax payment. The LRA has indicated that the PFMU is not regarded as one of her Collectorates that can issue flag receipt. The issuance of flag receipts will have to go through various approvals levels and in their wisdom, the PFMU cannot issue a flag receipt for the reasons given above.*
- 1.1.1.11 *Notwithstanding, LRA has encouraged PFMU to ensure that tax payments are made on behalf of consultants and vendors to the General Revenue account either via the LRA tax remittance forms or via the issuance of checks which will be evidenced / captured by their system and the consultant or vendor can later claim their tax credit from the LRA system. Kindly find attached evidence of taxes paid to the LRA. **Please see Exhibit I***

Auditor General's Position

- 1.1.1.12 We acknowledge Management's assertion and subsequent submission of LRA Tax Remittance Forms after our audit execution. The tax payments were not reflected in the project bank accounts during the period under audit. Prior period payment of taxes made through Tax Remittance Forms had subsequently appeared on the bank reconciliation statements as unrepresented checks. In view of the above, we will follow up on the clearance of these withholding tax remittances during subsequent audit.

1.1.2 Irregularities Associated with the Project Fixed Assets Management

Observation

- 1.1.2.1 Regulations V.4 (2) of the PFM Act of 2009 and revised in 2019 states that, "The master inventory shall record under each category of item:
- the date and other details of the voucher or other document on which the items were received or issued;
 - their serial numbers where appropriate; and
 - their distribution to individual locations and the total quantity held."

1.1.2.2 During the audit, we observed that the following irregularities were associated with the project Fixed Assets Management System:

- The fixed assets register was not regularly updated
- There was no evidence of movement of assets form
- There was no history of disposal of assets
- Some assets were not seen during physical verification
- Some of the project's fixed assets were not coded.
- Fixed within a given vicinity were not displayed as required by the PFM Act.
- Some assets are damaged but their values are still on the book and recorded as new assets. **See table 2, 3, 4, 5 and 6 below for details:**

Table 2: Damaged assets with their value still on the book and recorded as new assets

No.	Asset Type	Cost US\$	Asset Description	Asset code	Status
1	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-017	New
2	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-018	New
3	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-927	New
4	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-0966	New
5	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-0980	New
6	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-982	New
7	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-983	New
8	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-989	New
9	Thunder Motor Bike	3,500.00	2018-150cc	REDISSE-MOH-02-999	New
10	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-169	New
11	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-007	New
12	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-925	New
13	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-943	New
14	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-962	New
15	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-08-993-982	New
16	Motor Bike	3,500.00	2018 Thunder -150cc Motor Bike	REDISSE-MOH-11-946	New
17	Motor Bike		2019 Thunder 150cc	REDISSE-MOH-12-706	New

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Enhancement (REDISSE) Phase II Project
For the Eighteen (18) Months Ended December 31, 2022

No.	Asset Type	Cost US\$	Asset Description	Asset code	Status
		3,500.00	Motor Bike		
18	Motor Bike	3,500.00	2019Thunder 150cc Motor Bike	REDISSE-MOH-12-709	New
19	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-12-726	New
20	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-12-726	New
21	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-12-914	New
22	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-12-919	New
23	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-8-9267	New
24	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-14-114	New
25	Motor Bike	3,500.00	2019Thunder 150cc Motor Bike	REDISSE-MOH-14-711	New
26	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-14-733	New
27	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-14-911	New
28	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-14-912	New
29	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-14-926	New
30	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-03-002	New
31	Motor Bike	3,500.00	2019Thunder 150cc Motor Bike	REDISSE-MOH-03-003	New
32	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-02-931	New
33	Motor Bike	3,500.00	2019 Thunder 150cc Motor Bike	REDISSE-MOH-03-978	New

Table 3: Gbarpolu Motorbikes without license plate numbers or Cost in the register provided by GCHT

Asset Name	Asset Description	Serial #	Engine #	Plate #	Asset Code	Asset/Cost
MOTORBIKE	AG100-YAMAHA	JYA3HA-005XA245193	3HA-244883	Not available	HW-03-CHT-MV-WORLD BANK-007	Not available
MOTORBIKE	AG100-YAMAHA	JYA3HA003XA245189	3HA244879	Not available	HW-03-CHT-	Not available

Asset Name	Asset Description	Serial #	Engine #	Plate #	Asset Code	Asset/Cost
					MV-WORLD BANK-008	
MOTORBIKE	AG100-YAMAHA	JYA3HAA245216	3HA-244907	Not available	HW-03-CHT-MV-WORLD BANK-009	Not available
MOTORBIKE	AG100YAMAHA	JYA3HA006XA244442	3HA-244252	Not available	HW-03-CHT-MV-WORLD BANK-010	Not available
MOTORBIKE	AG100YAMAHA	JYA3HA246679	3HA-246479	Not available	HW-03-CHT-MV-WORLD BANK-OII	Not available

Table 4: Five laptops assigned to the DSO in Gbarpolu are not functional. The key boards are not working.

Assets Type	Asset description	Assets Value	Assets code	Status	Assignee
Laptop	ThinkPad Lenovo	1,200.00	HW-0100-RDS-OE-00496	New	Gayetay Gaye
Laptop	ThinkPad Lenovo	1,200.00	HW-0100-RDS-OE-00496	New	Jackson N. Diakpo
Laptop	ThinkPad Lenovo	1,200.00	HW-0100-RDS-OE-00496	New	Thomas Z. Kowel
Laptop	ThinkPad Lenovo	1,200.00	HW-0100-RDS-OE-0096	New	Jacob Munyan
Laptop	ThinkPad Lenovo	1,200.00	HW-0100-RDS-OE-00496	New	Alfred Z. Kpissay

Table 5: Techno phones were not seen during physical verification in Grand Cape Mount County

No.	Asset Type	Asset Description	Asset Value/Cost \$	Asset Identification code	Assignee
1.	Phone	Techno Spark GO-2	120.00	Serial #	Samuel K. Zazah
2.	Phone	Dual SIM Support	85.00	GRC-0500-17-WBF	P. Kerkula Waamah
3.	Phone	Dual SIM Support	85.00	GRC-0500-18-WBF	P. Kerkula Waamah

Table 6: Surveillance Officers interacted with, but did not present their assigned laptops to GAC for verification in Bong County

No.	Asset Type	Asset Description	Asset Coding	Status	Assignee
1	Laptop	Thinkpad Lenovo	HW-00100-RDS-OE-00497	New	Allakemanie B. Sackie
2	Laptop	Thinkpad Lenovo	HW-00100-RDS-OE-00497	New	Joseph M. Gweemei
3	Laptop	Thinkpad Lenovo	HW-00100-RDS-OE-497	New	Rufus S. Domah
4	Laptop	Thinkpad Lenovo	HW-00100-RDS-OE-497	New	James S. Gbarnjah

Risk

- 1.1.2.3 Fixed Assets Register may be misstated (Over/understated).
- 1.1.2.4 Assets may be damaged or impaired but their values are still on the books.
- 1.1.2.5 Fixed assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.1.2.6 The lack of asset movement log may make it difficult to keep track of assigned or transferred assets, which may lead to misuse, loss or theft of assets without being noticed.
- 1.1.2.7 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.

Recommendation

- 1.1.2.8 Management should set assets value to be recorded, developed and maintained.
- 1.1.2.9 Management should ensure that the fixed assets register is updated to reflect the following; description, source of purchase, date of purchase, class, code, assignee, location, condition, original cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.1.2.10 Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the assets. Evidence of physical verification should be adequately documented and filed to facilitate future review.
- 1.1.2.11 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.1.2.12 Fixed assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.1.2.13 A movement of Asset Form should be filled and authorized before assets are moved from one location to another. The Fixed Asset Register should be updated to reflect the change in location of the asset.



Management’s Response

1.1.2.14 Management notes the audit observations. As observed from the fixed asset verification exercise conducted in the first quarter of 2023, the results are consistent with the auditors’ observation. Most of the assets of age are non-functional. We have taken necessary steps to update the fixed assets register. Kindly find attached copy of the updated fixed asset register. **Please see Exhibit II.**

Auditor General’s Position

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

1.1.3 Unpresented Checks

Observation

1.1.3.1 Section 6 paragraph 6.5.1 of the PFMU Financial Procedure Manual states, “the cash book shall be reconciled monthly to the bank statement within 10 working days of the month end. Difference deriving there from shall be investigated and resolved promptly. Unpresented checks will be written back in the project’s books of account one month after the negotiable period of six (6) months has elapsed.”

1.1.3.2 Additionally, 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”.

1.1.3.3 During the audit, we observed that Management did not write back in the project’s cashbook five (5) unpresented checks amounting to US\$1,456.21. These checks have been outstanding beyond the period of six months. **See table 7 below for details**

Table 7: Checks outstanding for more than six (6) months

#	Date	Description	Month Out standing	Amount US\$
1	5/11/2022	GRA-SMG Group	9months	306.30
2	5/11/2022	GRA-Teepo lodge service	9months	437.00
3	5/11/2022	GRA-United office supplies	9months	49.95
4	4/26/2022	Wilfred Taikerweyah	6months	600.00
5	3/17/2022	GRA	12months	62.96
Total				1,456.21

Risk

1.1.3.4 Outstanding checks for over six months may lead to understatement of the cash book and the financial statements.



- 1.1.3.5 Failure to remit taxes withheld, may deny GoL of much needed tax revenue.
- 1.1.3.6 Management may be noncompliant with Section (905) J. of the Revenue Code of Liberia 2000, which may result in to penalties for late payment and failure to pay.
- 1.1.3.7 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.1.3.8 Management should ensure that all checks written for payment of withholding taxes should be deposited in the General Revenue Account in a timely manner.
- 1.1.3.9 Management should adjust the cash book by the total value of the unrepresented checks and restate the financial statements with the adjusted cash balance.
- 1.1.3.10 Management should facilitate the 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.
- 1.1.3.11 Evidence of tax remittances (official flag receipts) should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.3.12 *The payments mentioned are all Direct Deposit for Revenue payments except the check for Wilfred Taikerweyah. These tax payments were in process and subsequently paid in May and June 2023. The payment for Wilfred Taikerweyah was subsequently reversed in the cash book because the activity was not carried out. The check was cancelled. Please find attached evidence that these payments were subsequently made and reversed from the project account along with copy of the cancelled check. Please see Exhibit III.*

Auditor General's Position

- 1.1.3.13 We acknowledge Management's acceptance of our findings and recommendations. We will follow-up on the implementation of our recommendations during subsequent audit.
- 1.1.3.14 Going forward, Management should ensure that tax payments are remitted in a timely manner consistent with Section (905) J. of the Revenue Code of Liberia 2000.

1.1.4 Inconsistent Comparable Figures in the Financial Statements

- 1.1.4.1 Paragraph 1.4.19 of the IPSAS Cash Basis of Accounting states, "When the presentation or classification of items required to be disclosed in the financial statements amended, comparative amounts shall be reclassified, unless it is impracticable to do so, to ensure comparability with the current period, and the nature, amount of, and reason for any reclassification shall be disclosed.



- 1.1.4.2 Paragraph 1.4.1 of the IPSAS Cash Basis of Accounting states, "The general-purpose financial statements shall be presented at least annually. When in exceptional circumstances, an entity's reporting date changes and the annual financial statements are presented for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:
- The reason(s) for a period other than one year being used; and
 - The fact that comparative amounts may not be comparable"

1.1.4.3 During the audit, we observed that the comparable amounts in the financial statements were not consistent. There were three (3) fiscal periods reported in the project financial statements. Two prior period figures for twelve and six months respectively (July 2020 to June 2021 and July 2021 to December 2021) while the current year figures were for twelve (12) months (January to December 2022).

1.1.4.4 Management did not also disclose in the notes to the financial statements the reason why comparable prior year figures were inconsistent.

Risk

1.1.4.5 Management may be non-compliant with Paragraph 1.4.19 of the IPSAS Cash Basis of Accounting.

1.1.4.6 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.4.7 Management should adjust the financial statements and disclose in the notes to the financial statements why it was impractical to present comparable figures, as the project had activities for only six (6) months in the immediate prior year.

Management's Response

1.1.4.8 *Kindly find attached the revised Financial Statements. Please see Exhibit V*

Auditor General's Position

1.1.4.9 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment to the financial statements.

1.1.5 Unexplained Material Variance

Observation

1.1.5.1 Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017) provides that, an entity that makes publicly available its approved budget(s) shall present a comparison of the budget amount for which it is held publicly accountable and actual amounts either as a separate additional financial statement of an additional budget columns in the statement of cash receipts and payments. The comparison of budget and actual amount shall present separately for each level of legislative oversight:

- By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts.

1.1.5.2 During the audit, we observed a total unexplained variance of US\$4,172,984.00 between the annual approved budget and actual expenditure reported in the project financial statements. **See table 8 below for details.**

Table 8: Unexplained variance b/w approved budget and actual expenditure

Activities with in components	Annual Approved Budget	Actual Expenditure	Variance	Percentage Variance
	US\$ (A)	US\$ (B)	US\$ C=(A-B)	% D=C/A
	US\$	US\$	US\$	
Surveillance & Information Systems	1,119,395.00	599,554.00	519,841.00	46
Strengthening Of Laboratory Capacity	969,379.00	15,614.00	953,765.00	98
Preparedness & Emergency Response	1,120,054.00	237,480.00	882,574.00	79
Human Resource Management for Effective Disease Surveillance & Epidemic Preparedness	727,750.00	428,625.00	299,125.00	41
Institutional Capacity Building Project Management, Coordination & Advocacy	2,485,034.00	967,355.00	1,517,679.00	61
Total	6,421,612.00	2,248,628.00	4,172,984.00	

Risk

1.1.5.3 Failure to include notes or explanation for material variances between budgetary amounts and actual amounts in the financial statements may deny users of the financial statements' information needed to make informed decision.

1.1.5.4 Fair presentation and full disclosure may be impaired.

Recommendation

1.1.5.5 Management should ensure that full and adequate disclosures are made for material variance(s) between the budget and actual amounts consistent with Part 1.7.8 of the Revised Cash Basis IPSAS (November 2017).

Management's Response

1.1.5.6 *Management notes the audit observation and recommendation. Material variances resulted from the activated of the CERC subcomponent of the REDISSE project which was due to the COVID-19 outbreak. The CERC was deactivated and regular activities under the REDISSE project are again being implemented.*

Auditor General's Position

- 1.1.5.7 We acknowledge Management's acceptance of our finding, recommendation and subsequent adjustment of the financial statements.

1.1.6 Signing Date of the Financial Statements not Specified

Observation

- 1.1.6.1 Paragraph 1.4.5. of the Revised Cash Basis IPSAS (November 2017) states "An entity shall disclose the date when the financial statements were authorized for issue and who gave the authorization. If another body has the power to amend the financial statements after issuance, the entity shall disclose that fact.

- 1.1.6.2 Regulation I.11. of the PFM Act of 2009 as amended and restated 2019, -Annual Government Agency Accounts, states "(1) There shall be prepared by the head of government agency or an administrator or head of any Government agency and transmitted to the, the Minister and the Comptroller-General in respect of the year, accounts covering all Public Funds under his control. The accounts shall be submitted within a period of two months after the end of each fiscal year, or such other period as the Legislature may by resolution appoint and shall include statements and documents to be specified in the International Public Sector Accounting Standards as adopted by the Government of Liberia.

- 1.1.6.3 During the audit, we observed that the project financial statements signed by the Director of Donor Financed Projects and the Health Portfolio Manager did not specify the actual date the financial statements were prepared and signed.

Risk

- 1.1.6.4 Management may be non-compliant with Paragraph 1.4.5. of the IPSAS Cash basis of reporting.
- 1.1.6.5 Untimely presentation and approval of financial statements may impair accountability and decision making. The completeness and accuracy of the financial statements may also be impaired.

Recommendation

- 1.1.6.6 Management should adjust the financial statements to include the date of preparation of the financial statements adjacent to the signatures of the authorizers.

Management's Response

- 1.1.6.7 *Kindly find attached the revised Financial Statements. Please see Exhibit V*

Auditor General's Position

- 1.1.6.8 We acknowledge Management's acceptance of our findings, recommendations and subsequent adjustment to the financial statements.



1.1.7 Administrative and Control Issues

1.1.8 Delayed in Project Implementation

Observation

- 1.1.8.1 According to the REDISSE Project Appraisal Document, the main objectives of the project are (I). To strengthen national and regional cross-sectoral capacity for collaborative disease surveillance and epidemic preparedness in West Africa, thereby addressing systemic weaknesses within the animal and human health systems that hinder effective disease surveillance and (II). To respond in the event of Eligible Emergency, to provide immediate and effective response to said Eligible Emergency.
- 1.1.8.2 Additionally, the project is expected to benefit over 4.5 million people in Liberia by supporting the establishment of early warning, surveillance and response systems for reducing the potential impact of any infectious disease outbreaks among humans, and select Zoonotic diseases affecting both human and animal populations. The primary beneficiary is the population under threat of infection disease outbreaks especially vulnerable groups and the poor as this disease tend to originate and spread rapidly among such population groups, which constitute a sizeable population in Liberia.
- 1.1.8.3 During the audit, we observed that the implementation of the project activities under 1. Surveillance & Information Systems, 2. Strengthening of Laboratory Capacity, 3. Preparedness & Emergency Response, 4. Human Resource Management for Effective Disease Surveillance & Epidemic Preparedness, 5. Institutional Capacity Building Project Management, Coordination & Advocacy has not been fully implemented in accordance with approved work plan.
- 1.1.8.4 Consequently, our review of the project annual approved budget indicated significant variance/under disbursement between approved budget and actual expenditures incurred for the implementation of the project components mentioned above. **See table 9 below for details.**

Table 9: Delayed in Project implementation

Activities with in components	Annual Approved Budget US\$ (A)	Actual Expenditure US\$ (B)	Variance US\$ C=(A-B)	Percentage Variance % D=C/A
	US\$	US\$	US\$	
Surveillance & Information Systems	1,119,395.00	599,554.00	519,841.00	46
Strengthening Of Laboratory Capacity	969,379.00	15,614.00	953,765.00	98
Preparedness & Emergency Response	1,120,054.00	237,480.00	882,574.00	79

Activities with in components	Annual Approved Budget US\$ (A)	Actual Expenditure US\$ (B)	Variance US\$ C=(A-B)	Percentage Variance % D=C/A
	US\$	US\$	US\$	
Human Resource Management for Effective Disease Surveillance & Epidemic Preparedness	727,750.00	428,625.00	299,125.00	41
Institutional Capacity Building Project Management, Coordination & Advocacy	2,485,034.00	967,355.00	1,517,679.00	61
Total	6,421,612.00	2,248,628.00	4,172,984.00	

Risk

- 1.1.8.5 Untimely achievement of project deliverable may lead to additional expenditure (fixed costs) of the project.
- 1.1.8.6 Project objective may not be achieved in the absence of effective project implementation and coordination.
- 1.1.8.7 The absence of effective monitoring and evaluation during the project may impair the achievement of value for money and the implementation of project deliverables.

Recommendation

- 1.1.8.8 Management should ensure that deliverables are implemented in line with project workplan.
- 1.1.8.9 Management should facilitate adequate coordination, monitoring and evaluation of project activities to ensure project deliverables are implemented in a timely manner.

Management's Response

- 1.1.8.10 *Management notes the audit observation and recommendation. For the period under audit, the project also supported the implementation of key aspects of the COVID-19 interventions. The project Emergency Response Component (CERC) was activated with reallocation of US\$8M from the various components to the CERC subcomponent. Some of the activities that should have been implemented under the project were relegated to the implementation of the COVID-19 activities. As such, there were activities that could not be implemented alongside the COVID. This explains some of the delays during the period under audit. The CERC has been deactivated and regular activities under the REDISSE project are again being implemented*

Auditor General's Position

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

1.1.9 Lack of Titles on Payment Vouchers and Quarterly Bank Reconciliation

Observation

- 1.1.9.1 Section 6.5 (3) of the PFMU Financial Manual of 2020, delegates the preparation and review responsibilities to the Assistant Project Accountant (APA) and the Internal Auditor respectively.
- 1.1.9.2 During the audit, we observed that payment vouchers and quarterly bank reconciliation statements prepared by the PFMU did not show the titles of the preparer, reviewer and approver for the period under audit.

Risk

- 1.1.9.3 In the absence of the signature and title of the preparer, segregation of duties may not be assured.
- 1.1.9.4 The reconciliation may not be performed by personnel with the relevant experience and seniority.

Recommendation

- 1.1.9.5 Management should ensure that the name and title of the preparer and reviewer of the bank reconciliation statements are included on the bank reconciliation statements.

Management's Response

- 1.1.9.6 *The PFMU is in full compliance with sections 6.5.3 and 7.7.6 of the PFMU Financial Procedures Manual. 6.5.3 The PFMU Manager shall ensure that all reconciliation differences are properly and promptly investigated with a view to regularizing them. To this end, all Bank Reconciliation statements prepared by the APA shall be reviewed by the Internal Auditor and approved by the Unit Head or Senior Project Accountant.*
- 1.1.9.7 *Bank Reconciliation Statements (BRSs) are prepared by Accountants, reviewed by Auditors and approved by the Senior Project Accountant who happens to be the Deputy Director of PFMU.*

Auditor General's Position

- 1.1.9.8 Management's assertion does not adequately address the issue raised. Going forward, Management should ensure that the titles of the preparer, reviewer and approver are displayed on the Bank Reconciliation Statements.
- 1.1.9.9 Therefore, we maintain our findings and recommendation. We will follow-up on the implementation of our recommendation during subsequent audit.

1.1.10 Duplicated Payment Voucher Numbers

Observation

- 1.1.10.1 Section 8.3.2 of the PFMU Financial Manual requires that, A good filing system must be maintained at PFMU and the implementation units to keep custody of the records.

Therefore, the main objective of the filing system is to ensure that the accounting document are filed in logical sequence, so as to facilities retrieval, supporting financial reports and help to establish a clear audit trail and provide feedback regarding the accuracy of the financial reports. All accounting records shall be kept at the PFMU in a safe storage for audit and legal purpose. The PFMU shall maintain a register to monitor the movement of such record. Separate files will be maintained in the PFMU in respect of payment vouchers showing the following detail:

- Voucher number, (specifying rang i.e., from-to-.)
- Period (month)
- Financial year,
- Name of project/program

1.1.10.2 During the audit, we observed that Management processed two different payment vouchers totaling US\$17,578.20 with duplicated voucher numbers. **See table 10 below for details.**

Table 10: Duplicated payment voucher numbers

Date	Voucher #	Name	Description	Amount US\$
15/04/2022	REDISSE/2022/142	Super Petroleum	Payment for the delivery of 2,830 gallons worth of fuel	16,810.20
5/8/2022	REDISSE/2022/142	New Era Publication Ltd	Payment for publishing request (REOIs) for consultant	768.00
Total				17,578.20

Risk

- 1.1.10.3 Duplicated payment voucher numbers may lead to fraud or recycle payments.
- 1.1.10.4 Duplicated payment voucher numbers may impair understandability, reconciliation and may lead to duplication of payments to contractors.

Recommendation

- 1.1.10.5 Management should provide substantive justification for the duplicated payment voucher numbers processed.
- 1.1.10.6 Going forward, Management should exercise due diligence in processing payment request in favor of contractors/ vendors. The coding of payment vouchers should be unique to a specific transaction. A comprehensive review of all transactions by senior management should also be regularized.

Management's Response

- 1.1.10.7 *We take note of the recommendation and will make the necessary adjustment.*

Auditor General’s Position

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

1.1.11 Description of Payment Voucher different from Payment Request

Observation

1.1.11.1 Section 6.5 (3) of the PFMU Financial Manual delegates the preparation and review responsibilities to the Assistant Project Accountant (APA) and the Internal Auditor respectively.

1.1.11.1 During the audit, we observed that Management made a disbursement in the amount of US\$12,415 on payment voucher number REDISSE/2022/148 for one-year internet subscription (April 2, 2022 to April 1, 2023).

1.1.11.2 However, our review of payment request to PFMU attached to the voucher indicated that the request was actually made for one-quarter internet subscription (January 2022 to March 2022). **See table 11 below for details.**

Table 11: Description of Payment voucher different from payment request

#	Date	Payment voucher number	Description of Payment voucher	Description of Payment Request	Amount US\$
1.	May 6, 2022	REDISSE/2022/148	Payment for one-year internet subscription from April 2, 2022 to April 1, 2023.	Payment for Internet service for the quarter, January to March 2022	12, 415.00

Risk

1.1.11.3 Inconsistency in payment request and payment voucher may lead to recycle payment and misappropriation of project funds.

1.1.11.4 Inconsistency in payment request and payment voucher may impair understandability, reconciliation and may lead to duplication of payments to contractors.

Recommendation

1.1.11.5 Management should provide substantive justification for the inconsistency in payment request and payment voucher.

- 1.1.11.6 Going forward, Management should exercise due diligence in processing payment requests and payment vouchers. Payment request details should be reconciled to payment vouchers. A comprehensive review of all transactions by senior management should also be regularized.

Management’s Response

- 1.1.11.7 *We take note of the recommendation and will make the necessary adjustment.*

Auditor General’s Position

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

1.1.12 Delayed Incentive Payments-Surveillance Officers

Observation

- 1.1.12.1 Section 1.1.4 of the REDISSE Implementation Manual provides that potential activities of the project includes, establishment of appropriate linkages between national animal health and human health surveillance information systems, between national systems to effective risk-based approaches to surveillance and cross-border collaboration in surveillance (including active/event-based, passive and syndromic surveillance) for the early detection of cases. Further, the timely reporting by community-level surveillance agent as well as district health and veterinary facilities, and minimization of turnaround time from specimen collection to laboratory confirmation and reporting; (iv) the use of surveillance data for risk analysis (assessment, management and communication) to implement appropriate outbreaks prevention and control interventions across the sub-region.

- 1.1.12.2 During the audit, we observed that Management delayed the payments of the Surveillance Officers Incentives to health facilities for the effective implementation of the program during the period under audit. **See table 12 below for details**

Table 12: Schedule showing delay in payment of incentives to surveillance officer

Date payment was made	ReF	Quarters due	Description	Amount US\$
Oct/7/2021	2022/045	April- June 2021	DSO,CSO&ZSOs:Apr-Jun	94,275.00
Oct/7/2021	2022/046	July – Sept. 2021	DSO,CSO&ZSOs:Jul-Sept	94,200.00
Jan./10/2022	2022/103B	Oct – Dec 2021	Opr Supp Oct-Dec Sur Offi	94,200.00
May/19/2022	2022/158A	Jan. – Marc 2022	Opr Supp Jan-Mar Sur Offi	94,200.00

Risk

- 1.1.12.3 Delay in the payment of the surveillance Officers Incentives to health facilities may lead to the non-achievement of the project’s objectives.



Recommendation

- 1.1.12.4 Management should provide substantive justification why the payments of the surveillance Officers Incentives to health facilities were delayed for the period under audit.
- 1.1.12.5 Management should ensure timely payments of Surveillance Officers incentives to expedite the achievement of the project objectives.

Management's Response

- 1.1.12.6 *The delays were principally due to the untimely submission of previous quarters' advances. As a norm, previous advances must be retired before new advances are paid to the surveillance officers.*

Auditor General's Position

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

1.1.13 No Evidence of One Health Steering Committee

Observation

- 1.1.13.1 Section 2.1 of the REDISSE Project Implementation Manual provides that, the One Health Steering Committee has been established and serves as the advisory and oversight body for the project. The Committee shall meet once every quarter. Membership shall include the following:
- Public Health Institute of Liberia (NPHIL)
 - Ministry of Health (MOH)
 - Ministry of Agriculture (MOA)
 - Ministry of Finance and development Planning (MFDP)
 - Forestry Development Authority (FDA) and other Ministries and Agency.
- 1.1.13.2 During the audit, we observed that Management provided no evidence of a functional One Health Steering Committee that should carry out the following roles and responsibilities:
- Monitor implementation of progress
 - Approve all permissible changes and change within the work and activities plan
 - Oversee the implementation of project through regular quarterly meetings
 - Participate regularly and actively in all organized meetings
 - Conduct independent site visits
 - Review quarterly and annual reports of all activities and progress of the project

Risk

1.1.13.3 The strategic oversight of the project activities may be impaired. This may lead to non-achievement of the project objectives.

1.1.13.4 Management may implement project activities on a discretionary basis.

Recommendation

1.1.13.5 Management should provide substantive justification why there is no evidence of a functional One Health Steering Committee during the period under audit.

1.1.13.6 Management should liaise with the relevant authority to ensure that the One Health Steering Committee is made functional evidenced by the documentation of quarterly meetings minutes and activities reports.

Management's Response

1.1.13.7 *The One Health Governance Manual provides guidance on actions to be taken during public health emergencies. During the period under review, the functions of the One Health Steering Committee were performed by the Incidence Management System (IMS), headed by the Minister of Health who is also the Chair for the One Health Steering Committee.*

Auditor General's Position

1.1.13.8 Management's assertion did not adequately address the issues raised. Management response is not supported with quarterly meetings minutes and activities reports.

1.1.13.9 Going forward, Management should ensure that quarterly meetings minutes and activities reports of the One Health Steering Committee are adequately documented and filed to facilitate future review.

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

STATUS OF PRIOR YEAR RECOMMENDATIONS

Implementation Level of Prior Year Audit Recommendations					
Auditee: REDISSE	Issues	Responsible Party	Recommendations	Level of Implementation by Auditee	Work Done
1.1.1.3	Management did not write back in the project's cashbook twenty-four (24) unrepresented checks amounting to US\$37,861.93 that were outstanding beyond the period of six months.	REDISSE Project Management	Management should ensure that all checks written for payment of withholding taxes should be deposited in the General Revenue Account in a timely manner. Additionally, Management should adjust the cash book by the total value of the unrepresented checks and restate the financial statements with the adjusted cash balance.	Not Implemented	We reviewed the bank reconciliation statements, cash book and status of prior year recommendations.
1.1.3.2	Management withheld the total amount of US\$ 50,279.99 as withholding taxes from staffers without evidence that the amount was remitted to the LRA.		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. Additionally, 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	Not Implemented	We reviewed the Project bank reconciliation statements, the cashbook and status of prior year recommendations.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Auditee: REDISSE					
Implementation Level of Prior Year Audit Recommendations					
Paragraph #	Issues	Responsible Party	Recommendations	Level of Implementation By Auditee	Work Done
1.2.1.2	During the audit we observed that several irregularities were associated with the Project fixed assets management system	REDISSE Management	Management should ensure that the project fixed assets register is updated regularly. Management should conduct periodic fixed assets count and /or verification to determine the current condition and location of the project assets. The result of the physical verification exercise should be documented and filed to facilitate future review.	Not Implemented	We reviewed the Fixed Asset Register, and status of prior audit recommendation.