



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The System Review of the Financial
Management System and Accounting
Processes of the Liberian Senate**

For the Period Ended March 31, 2024

July 2024

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

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Acronyms/Abbreviations/Symbols

Acronyms/Abbreviations/Symbol	Meaning
A/C#	Account Number
AG	Auditor General
BCP	Business Continuity Plan
CBL	Central Bank of Liberia
CFIP	Certified Fraud Investigation Professional
COBIT	Control Objectives for Information and Related Technologies
COSO	Committee of Sponsoring Organizations
CSA	Civil Service Agency
DRP	Disaster Recovery Plan
FCCA	Fellow of Certified Charter Accountant
FY	Fiscal Year
GAC	General Reviewing Commission
GL	General Ledger
GoL	Government of Liberia
Hon	Honorable
ICT	Information and Communication Technology
IFMIS	Integrity Financial Management Information System
INTOSAI	International Organization of Supreme Review Institution
ISSAI	International Standards of Supreme Review Institution
IT	Information Technology
LRD	Liberian Dollars
NASSCORP	National Social Security Welfare Cooperation
PAN	Personnel Action Notice
PFM Act	Public Finance Management Act
PPC Act	Public Procurement Concession Act
Ref	Reference
RL	Republic of Liberia
SLA	Service Level Agreement
ToR	Term of Reference
USD	United States Dollars

Republic of Liberia



TRANSMITTAL LETTER

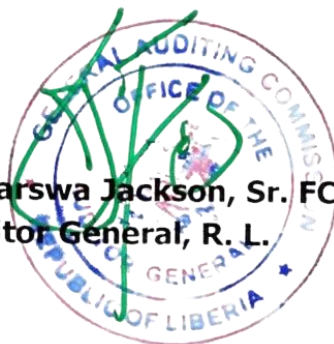
THE HONOURABLE PRESIDENT PRO- TEMPORE OF THE LIBERIAN SENATE

We have undertaken a system review of the Financial Management System and Accounting Processes of the Liberian Senate for the Period ended March 31, 2024. The system review was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Finding conveyed in this report were formally communicated to the authorities of the Liberian Senate for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Pro- Tempore and Members of the Liberian Senate to consider the implementation of the recommendations conveyed in this report with urgency.

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



Monrovia, Liberia

July 2024

July 3, 2024

Senator Nyonblee Karnga-Lawrence
Senate Pro Tempore of the Liberian Senate
Capitol Hill,
Monrovia, Liberia

Auditor General's Report on the System Review of the Financial Management and Accounting Processes of the Liberian Senate for the Period Ended March 31, 2024.

Adverse Conclusion

The General Auditing Commission has conducted a system review of the Liberian Senate. The system review on the Financial Management System and Accounting Processes has been conducted in line with relevant laws and regulations consistent with the Auditor General's mandate as provided for in Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014 as well as in accordance with the Public Financial Management (PFM) Act and Regulations of 2009 as Amended and Restated 2019, the Committee of Sponsoring Organizations of the Treadway Commission (COSO), other Laws and Regulations, and the Engagement Term of Reference.

Based on the works performed, we found that, because of the significance of the matters noted in the Basis for Adverse Conclusion Paragraphs below, the financial management system and accounting processes of the Liberian Senate are not in compliance with stated laws and regulations for the period ended March 31, 2024.

Basis for Adverse Conclusion

We identified multiple issues of significant materiality that affect the operations of the Liberian Senate. These issues can be categorized as follows:

1.1 Governance

Management did not provide approved strategic and operational plans, Senior Management meeting minutes and monitoring and evaluation reports that facilitated effective oversight and review of senatorial activities.

1.2 Budget Management

Management did not provide evidence of a functional budget committee and budget unit to prepare a comprehensive annual budget; cataloging projected revenue/receipts and planned expenditures as well as preparation of quarterly as well as annual budget performance reports. Management expended in excess of its approved budget for the fiscal period 2022 without evidence of a supplementary budget.

1.3 Financial Reporting

Management did not prepare IPSAS cash basis financial statements. There was no evidence of an approved accounting manual nor an automated financial management system or

accounting software to facilitate comprehensive, real-time and accurate recording of financial transactions. As a result, maintenance of documentation for financial transactions, preparation of financial statements and a centralized control and ownership of procurement activities are impaired.

1.4 Personnel Management

Management did not maintain an approved human resources policies and procedures manual in accordance with Civil Service Standing Order and the Decent Work Act. There was no evidence of an approved organogram and salary structure that align with GOL harmonized pay grade including adequate monitoring and supervising of attendance logs. Additionally, there was no evidence that Management remittance of employee' and employer' contributions to NASSCORP.

Management did not maintain an adequate personnel record, and there was no evidence that Management performed performance evaluation of its employees (joiners, leavers, promotions, demotions, suspensions, etc.).

1.5 Cash Management

There was no evidence that Management performed periodic reconciliation for the Liberian Senate bank accounts. Additionally, Management did not disclose two (2) bank accounts (USD and LRD) with the International Bank Liberia Limited which were inactive with accounts title Senate Legislative Modernization Account (00121971264340202 and 00121911264340101). The accounts accrued charges amounting to US\$120.00 and LD\$3,200 respectively.

Further, Management maintains an "A" signatory, a former Senator who is no longer in the Liberian Senate. The account is domiciled at the International Bank (Liberia Limited) with accounts title Senate Legislative Modernization Account (00121971264340202 and 00121911264340101) for both Liberian and United States dollars.

Management did not maintain a petty cash/imprest system nor an approved petty cash policy.

1.6 Procurement Management

There was no evidence that Management maintained an approved annual procurement plan and procurement activities reports (quarterly and annual) submitted to PPCC. Additionally, there was no evidence that Management maintained a functional procurement committee up to FY 2023.

Also, Management was not in compliance with the provisions of the PPCC and PFM Acts and Regulations in the Senate procurement processes.

1.7 Fixed Assets Management

Management did not maintain fixed assets management policy. There was no evidence that Management performed a periodic physical verification of assets; no evidence of coding and asset movement log/form. The fixed assets register presented for review did not contain the relevant columns nor was it regularly updated.

History of disposal of assets and fixed assets within a given vicinity were not displayed as required by the PFM Act.

1.8 Inventory Management

Management did not provide evidence of approved policy to regulate inventory management of the entity. The inventories in the warehouse were not stored in a protected and secured custody (a metallic door). The inventories were not systematically arranged on shelves and comprehensively labelled. Further, there is no evidence of periodic physical verification of inventories/stock taken.

There was no evidence of manual or automated inventory management system to comprehensively catalog goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.

1.9 Revenue Management

There was no evidence that Management performed reconciliation of actual receipts (Revenue) per the Liberian Senate's Central Bank account (LRD-0120630009302 and USD-0220630009302) and the fiscal outturn report generated by the MFDP for Goods and Services. Additionally, we observed a variance of US\$ 920,502 between the IFMIS ledger and total receipts of Goods and Services per the bank accounts domicile at CBL for FY 2023.

1.10 Receivables Management

Management did not provide evidence of approved account receivables management policy. No evidence that the Account receivables were recorded in a comprehensive, accurate and timely manner. Additionally, no evidence that Management maintained account receivables aging analysis.

1.11 Payable Management

Management did not provide evidence of approved account payable management policy. No evidence that Accounts payable were recorded in a comprehensive, accurate and timely manner. Additionally, no evidence that Management maintained account payable aging analysis and performed periodic review of significantly overdue payables.

1.12 Assurance Management

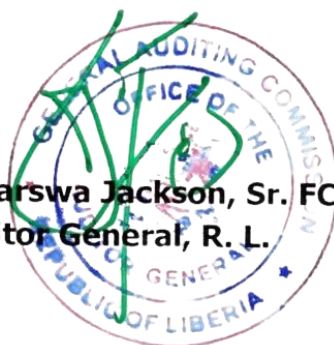
Management did not provide evidence of an approved internal review plan, risk management policy that comprehensively cataloged planned activities of the internal review unit on an annual basis. There was no evidence of a functional internal review Unit. No evidence of periodic risks assessment, internal reviews and follow-up on the implementation of internal and external review recommendations. Additionally, there was no evidence of an approved internal review charter by the relevant authority (Review Committee) to enhance the independence of the internal Auditors at the entity. No evidence that Management maintained adequate storage of financial management records. Several records were not properly placed in cup boards, cabinets and on shelves in the record room.

1.13 IT Management System

Management did not provide evidence of a functional IT Governance, IT security management to govern the IT Environment, IT Environmental control, program change management to safely implement IT solutions, physical access controls to protect IT assets and logical access control to protect the entity's assets (application, servers, and database) from unauthorized users.

No evidence of IT Service Continuity plan to ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption.

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



Monrovia, Liberia

July 2024

Auditor General's Report on the System Review of the Financial Management and Accounting Processes of the Liberian Senate for the Period Ended March 31, 2024.

Introduction

The System Review of the Financial Management and Accounting Processes of the Liberian Senate was commissioned for the period ended March 31, 2024 by the Auditor-General (AG) under the AG's mandate as provided for in Section 2.1.3 of the GAC Act of 2014 as well as the Review Engagement Terms of Reference (ToR).

The systems review of the Liberian Senate was completed; and the purpose of this letter is to bring to your attention the findings that were revealed during the systems review.

Scope and Determination of Responsibility

This System Review is a limited assurance engagement rendered for the purpose of assessing the Financial Management Systems and Accounting Processes of the entity to determine whether the required systems and controls including policies, procedures and documentation exist, provide recommendations for improvement (where applicable), thereby promoting prudent financial management systems at the Liberian Senate.

The System Review, which covers the current Financial Management Systems and Accounting Processes in place at the Liberian Senate focuses on, but not limited, to the following areas:

- Administration including personnel management, maintenance, and payroll
- Financial management including accounting policies, budgeting, financial accounting and reporting
- Procurement practices
- Liabilities Management
- Receivables Management
- Internal controls and systems, internal review of assets management including an effective and reliable asset register system.

Banking transactions including reconciliations and record keeping

- Specific required reconciliation between the Liberian Senate of the Republic of Liberia and the Ministry of Finance and Development Planning
- Reconciliation between the Liberian Senate of the Republic of Liberia expenditure and Donors expenditure (if applicable)
- Accountable documents and record keeping to support financial management and program execution for the above listed areas
- Organizational structure including stratification of authorization and approval process
- Management reports including variance analysis
- IT system and computerized environment

The objectives of the system review are:

- To provide the intended user(s) with information on whether the Liberian Senate Financial Management Systems and Accounting Processes are adequately designed and consistent with legislative decisions, laws, legislative acts, policies, established codes, and agreed upon terms;
- To gather sufficient and appropriate evidence whether the Liberian Senate Financial Management Systems and Accounting Processes are adequately designed and in line with relevant legislative decisions, laws, legislative acts, policies, established codes and agreed upon terms.
- To report in terms of the GAC reporting requirements as spelt out in part four (4) of the GAC Act of 2014, the findings to the National Legislature.

This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the review conducted. The review was conducted with the objective of issuing a limited assurance report on the Financial Management Systems and Accounting Processes of the Liberian Senate.

Responsibilities of the Auditor General

The approach used for our system review engagement is derived from the International Standards for Supreme Audit Institution (ISSAI) 100 and International Standard on Assurance Engagements ISAE 3000 (Revised) other than Reviews of Historical Financial Information as well as from legislative decisions, laws, legislative acts, policies, and established laws such as the PFM Act and Regulations, PPCC Act and Regulations, Civil Service Standing Order, Decent Work Act – 2015.

Other information used in our approach include the Committee of Sponsoring Organizations of the Treadway Commission (COSO), Control Objectives for Information and Related Technologies (COBIT 2019) and Policies & Procedures identified as criteria relevant to evaluate the Liberian Senate Financial Management System and Accounting processes. The ISAE standards require that we comply with ethical requirements and plan and perform procedures that convey, through a written report, a limited assurance conclusion on our review.

The review involves performing procedures (including inspecting relevant documents and interviewing relevant staff of the entity) to obtain appropriate evidence whether the Senate Financial Management Systems and Accounting Processes are consistent with authorities identified as criteria. The procedures selected depend on the Auditor's professional judgment of what the Auditor determines necessary in the circumstance.

Key Management Personnel

During the system review, the following key persons manage the affair of the Liberian Senate. **See detailed below:**

No.	Name	Rank	Time Served
1	Senator Nyonblee Karnga-Lawrence	Senate Pro Tempore	January 15, 2024 – Present
2	Senator J. Gblehbo Brown	Rules, Order and Admin	January 16, 2024– Present
3	Senator Prince K. Moya	Ways, Means, Finance and Budget	January 16, 2024– Present
4	Hon. J. Nanborlor F. Singbeh	Secretary of the Senate	January 18, 2024 – Present
5	Mr. P. Bryant Cholopray, Sr.	Comptroller	February 25, 2022-Present

APPRECIATION

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the Liberian Senate of the Government of Liberia during the system review.

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

1 DETAILED FINDINGS AND RECOMMENDATIONS

1.1 Governance

1.1.1 No Strategic and Operational Plan

Criteria

- 1.1.1.1 Regulation D.19 (1)(b) of the PFM Act of 2009 as amended and restated 2019 entitled 'Expenditure Estimates' states that a head of a government entity shall "prepare a strategic plan which shall include a definition of the Government agency's mission, goals, objectives, outputs and activities;
- 1.1.1.2 Regulation D.22 of the PFM Act of 2009 as amended and restated 2019 entitled 'Budget Hearing' further states that: (1) "On receipt of estimates from ministries and agencies, the Minister shall cause to be conducted budget hearings to review strategic plans and estimates of the government agencies concerned in order to ensure that these plans and estimates are in accordance with the Government's macroeconomic policy and fiscal framework. (2) Where necessary, the Minister may require a government ministry or agency to make adjustments to its strategic plans and estimates in order to fulfill the requirements of the Government's macro-economic policy and fiscal framework."

Observation

- 1.1.1.3 During our review, we observed that Management operated the entity without evidence of approved strategic and operational plans for the period under review.

Risk

- 1.1.1.4 Short, medium and long-term goals of the entity may not be identified, pursued and implemented thereby impairing the achievement of the entity's objectives.
- 1.1.1.5 Failure to develop policies and procedures to guide the activities of the entity may lead to arbitrary decisions that may be non-compliant to applicable laws and regulations and may impair the achievement of the entity's objectives.

Recommendation

- 1.1.1.6 Management should develop, approve and operationalize a strategic plan (for at least five years) cataloging short, medium and long-term goals, resources and strategies needed to achieve those goals and timelines for the implementation of goals cataloged therein. Subsequently, Management should develop, approve and operationalize annual operational plans to expedite the implementation of strategic goals on an annual basis.
- 1.1.1.7 The strategic and operational plans should be monitored and assessed on a periodic basis. Adjustments should be implemented where applicable.

- 1.1.1.8 Evidence of approved strategic and operational plans should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.1.9 *See Exhibit 1*

Auditor General's Position

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

1.1.2 No Monitoring & Evaluation

Criteria

- 1.1.2.1 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business processes, identify risk associated with these processes and institute effective internal controls to mitigate these risks.

Observation

- 1.1.2.2 During our review, we observed no evidence of a functional Monitoring and Evaluation Committee (M&E) to provide the required oversight for the full implementation of planned activities within approved timelines, evidenced by the absence of approved annual monitoring & evaluation plans and periodic activities reports.
- 1.1.2.3 Further, we observed no evidence of monitoring and evaluation of activities cataloged in the approved strategic and operational plans.

Risk

- 1.1.2.4 In the absence of effective monitoring and evaluation, the entity's deliverables may not be achieved up to approved specifications and within approved timelines.
- 1.1.2.5 Value for money may not be achieved and the entity's resources may be subjected to misapplication and misappropriation.
- 1.1.2.6 Approved activities cataloged in the strategic and operational plans may not be achieved or achieved up to approved specifications and timelines.

Recommendation

- 1.1.2.7 Management should facilitate the establishment of a functional Monitoring and Evaluation Committee (M&E), evidence by the documentation of planned annual activities and periodic activities reports. Evidence of approved annual plans and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.1.2.8 *See Exhibit 1*

Auditor General's Position

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

1.1.3 Lack of Senior Management Meeting Minutes

Criteria

1.1.3.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."

Observation

1.1.3.2 During our review, we observed no evidence of Senior Management meeting minutes to facilitate oversight and review of Management functions.

Risk

1.1.3.3 Monitoring and evaluation of the mandate and strategic and operational objectives of the entity may be impaired. This may impair the achievement of approved deliverables of the entity.

Recommendation

1.1.3.4 Management should facilitate the conduct of periodic Senior Management meetings. Senior Management meeting minutes should comprehensively detail activities discussed, actions to implement planned activities and approved timelines. Meetings' minutes should be subsequently documented and filed to facilitate future review.

1.1.3.5 Management should also institute a platform for following-up on decision made at Senior Management meetings. An update of progress towards previous meeting agreed actions/deliverable should be discussed during current meetings, as a medium for tracking institutional progress and planning for future activities.

Management's Response

1.1.3.6 *See Exhibit 1*

Auditor General's Position

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

1.1.4 No Annual Report

Criteria

- 1.1.4.1 Section 6 (2) of the PFM Act of 2009 as amended and restated 2019 states that, "(1) The Minister's specific responsibilities include the preparation and execution of the National Budget, the preparation of annual and in-year accounts and other reports pertaining to the National Budget, and the management of government property, fixed assets, financial assets, including revenues, debt and Government guarantees, as specified in this Act".
- 1.1.4.2 Section 35 (1) of the PFM Act of 2009 as amended and restated 2019 states that "Accounting Rules and Standards for central government should adhere to internationally accepted principles, and are to be applied consistently to all government agencies, including autonomous agencies, as well as local governments or any other subdivisions of Government at the local level, whether in existence or to be established in the future".
- 1.1.4.3 Section 36 (1) of the PFM Act of 2009 as amended and restated 2019 states that "It is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instructions issued by the Minister".

Observation

- 1.1.4.4 During our review, we observed no evidence of annual reports prepared by Management for the period under review.

Risk

- 1.1.4.5 Significant activities, achievement, challenges and measures to mitigate challenges may not be adequately documented. This may impair institutional performance measurement and the development of remediation strategy to address existing challenges and constraints.
- 1.1.4.6 Information to facilitate institutional memory, expedite learning curves and provision of current administrative and operational status of the entity may not be available.

Recommendation

- 1.1.4.7 Management should facilitate the preparation and approval of administrative and operational activities reports on an annual basis. The reports should cover the proposed goals for the fiscal year, achievement against those goals, significant activities and challenges and measures to mitigate challenges in the near future. The report should also contain the entity reviewed financial statements (or at least a management account) to adequately inform stakeholders about the annual financial activities of the entity.

- 1.1.4.8 The report should be approved by the head of the entity and subsequently submitted to the Senior Management. Evidence of approved annual administrative and operational activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.4.9 *See Exhibit 1*

Auditor General's Position

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

1.1.5 Lack of Audit Committee

Criteria

- 1.1.5.1 Regulation K.10 of the PFM Act of 2009 as amended and restated 2019 states that "the head of government agency or government organization shall in consultation with the internal audit governance board establish and maintain an audit committee for the government agency or organization for which he/she is responsible."
- 1.1.5.2 Further, Regulation K.11(1), (a) of the PFM Act of 2009 as amended and restated 2019 states that the "Audit Committee of Government Agencies or Organizations shall review internal controls, including the scope of internal audit, internal audit Plans, internal audit findings, and recommend to the head of government agency the appropriate action to be taken".

Observation

- 1.1.5.3 During our review, we observed no evidence that Management established an audit committee to monitor and address audit matters at the institution as required.

Risk

- 1.1.5.4 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.
- 1.1.5.5 Internal and external audit recommendations may not be monitored and implemented in a timely manner.

Recommendation

- 1.1.5.6 Management should liaise with the relevant authority to establish a functional audit committee. Evidenced of periodic meetings minutes and activities reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.1.5.7 *See Exhibit 1*

Auditor General's Position

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

1.1.6 No Training and Development Plan

Criteria

- 1.1.6.1 The Committee of Sponsoring Organizations of the Tradeway Commission (COSO) states, that "commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control".
- 1.1.6.2 The above can be evidenced by providing training, to raise the awareness of management and employees of the internal control objectives and, in particular, the objective of ethical operations, and helps them to understand the internal control objectives and to develop skills to handle ethical dilemmas.

Observation

- 1.1.6.3 During our review, we observed no evidence that Management had a documented training and development plan for staff(s) of the Senate.
- 1.1.6.4 Additionally, we observed the need for qualified staff(s) to various department within Senate administrative section.

Risk

- 1.1.6.5 Lack of training and development plans may result in training programs not being able to address employees' training needs and performance deficiencies.
- 1.1.6.6 In the absence of an annual training plan, training may be conducted arbitrarily. This may impair the development plan and the required capacity of staff of the entity.
- 1.1.6.7 In the absence of periodic training/capacity-building initiatives, staff may not obtain the required capacity needed to achieve the objectives of the entity.

Recommendation

- 1.1.6.8 Management should develop, approve, and operationalize a comprehensive training plan that addresses the strategic capacity needs of the staff of the entity. The requisite training and capacity development plan for each unit should be identified and scheduled.
- 1.1.6.9 Evidence of annual capacity development plan should be adequately documented and filed to facilitate future review.

Management's Response

1.1.6.10 *See Exhibit 1*

Auditor General's Position

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

1.2 Budget Management

1.2.1 No Evidence of a Functional Internal Budget Committee

Criteria

1.2.1.1 Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019 states that "Every head of government agency shall establish a Budget Committee which shall be responsible for budget formulation, implementation, monitoring and evaluation made up of (a) the head of government agency, who shall be the chairperson; and (b) Heads of budget management centers or cost centers)".

Observation

1.2.1.2 During our review, we observed no evidence of a functional internal budget committee.

Risk

1.2.1.3 In the absence of functional budget committee, effective monitoring and evaluation of revenue and expenditure may be impaired. This may lead to under receipt of budgeted revenue and / or over expenditure.

1.2.1.4 Periodic Budget Performance Reports may not be prepared adequately or in a timely manner.

1.2.1.5 Management may be non-compliant with Regulation D.16.1 of the PFM Act of 2009 as amended and restated 2019.

Recommendation

1.2.1.6 Management should facilitate the establishment a functional internal budget committee, evidenced by the documentation of attendance records, meeting minutes, and periodic activities reports. Evidence of attendance records, meeting minutes, and periodic activities reports should be adequately documented and filed to facilitate future review.

Management's Response

1.2.1.7 *See Exhibit 1*

Auditor General's Position

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

1.2.2 No Evidence of Internal Budget

Criteria

- 1.2.2.1 Regulation O.1.1&2 of the PFM Act of 2009 as restated in 2019 states "(1) All government agencies shall provide in their annual budgetary estimates, their expected revenue collections and internally generated funds. (2) A head of government agency is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their agencies, departments or office".

Observation

- 1.2.2.2 During our review, we observed no evidence of comprehensive annual internal budget cataloging all projected sources of revenues/receipts and planned expenditures for the period under review.

Risk

- 1.2.2.3 The completeness and accuracy of revenue and expenditures may not be assured. This may lead to subsequent misstatement of financial statements.
- 1.2.2.4 Management may not fully account for activities/assets of the entity.
- 1.2.2.5 Management may not pursue and collect all projected revenue/receipts. Unplanned approved projected expenditures may facilitate misapplication and misappropriation of public funds.

Recommendation

- 1.2.2.6 Management should facilitate the preparation of annual budgets comprehensively cataloging all projected sources of revenue of the entity and planned expenditures. Management should ensure that the strategic and operational plans align with the annual budgets before approval by the relevant authorities. The annual budget should be subsequently approved by the Internal Budget Committee.
- 1.2.2.7 Evidence of approved annual budgets should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.2.8 *See Exhibit 1*

Auditor General's Position

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

1.2.3 No Evidence of a Functional Budget Unit

Criteria

- 1.2.3.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states that "the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises their annual accounts and reports and the Government's annual reviewed accounts".

Observation

- 1.2.3.2 During our review, we observed no evidence of a functional Budget Unit evidenced by the absence of annual internal budget and periodic (Quarterly and Annual) budget performance reports.

Risk

- 1.2.3.3 In the absence of a functional Budget Unit, actual revenues/receipts and expenditure may not be recorded in a timely manner. This may impair budget monitoring and evaluation, which may lead to under receipt of budgeted revenue and / or over or unplanned expenditures.

Recommendation

- 1.2.3.4 Management should facilitate the immediate establishment of a Functional Budget Unit, competitively hire qualified and experienced budget officers/ accountants to manage the activities of the unit.
- 1.2.3.5 Going forward, the Budget Unit should facilitate real time recording of actual revenue and expenditure and prepare periodic (quarterly and annual) budget performance reports for onward submission to the relevant authorities as required. Evidence of periodic budget performance reports should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.3.6 *See Exhibit 1*

Auditor General's Position

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

1.2.4 No Evidence of Quarterly Budget Performance Reports

Criteria

- 1.2.4.1 Regulations A.1 of the PFM Act of 2009 as amended and restated 2019 states that “the public shall be provided with full access to all appropriate information concerning the financial affairs of the Government. This will include, but not limited to, information about the development of annual and supplementary budget estimates, the quarterly fiscal outturn reports issued by the Ministry, the monthly revenue and quarterly budget performance reports of ministries and agencies state owned enterprises their annual accounts and reports and the Government’s annual reviewed accounts”.

Observation

- 1.2.4.2 During our review, we observed that Management operated the entity without evidence of Quarterly and Annual Budget Performance Reports as required.

Risk

- 1.2.4.3 In the absence of Quarterly and Annual Budget Performance Reports, revenue and expenditure may not be reliably measured. This may lead to under receipt of budgeted revenue and / or over expenditure.

Recommendation

- 1.2.4.4 Management should facilitate timely preparation of Quarterly and Annual Budget Performance Reports in line with the PFM Act of 2009 as amended and restated 2019.
- 1.2.4.5 Evidence of Quarterly and Annual Budget Performance Reports should be adequately documented and filed to facilitate future review.

Management’s Response

- 1.2.4.6 *See Exhibit 1*

Auditor General’s Position

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

1.2.5 Irregularities Associated with Budget and Payment Related to Grant

Criteria

- 1.2.5.1 Regulations A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that “Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the

Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."

- 1.2.5.2 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business Processes, identify risk associated with these Processes and institute effective internal controls to mitigate these risks.

Observation

- 1.2.5.3 During our review, we observed the following irregularities associated with the entity's Grant:
- The budget for the Liberian Senate for the fiscal period 2023 contained the budget line with the caption "Grants" which contains sub budget lines in the total amount of US\$2,583,601. However, there was no evidence of policy and procedure around grant management to guide the process. **See Table 1 below for details.**
 - Payment was made from the budget line item "Grants" with no evidence that Management defined the amount for payment of each sitting and hearing fees (where applicable) to committee and non-committee members and under the budget line grant.
 - Payment made from the budget line item "Grants" were also for salaries, operational expenses, printing and distribution of reports, etc. which were already budgeted under other line items.

Table 1: Irregularities Associated with Budget and Payment Related to Grant

Acct #	Budget line Description	Amount
263166	Transfer to Public Accounts Committ	767,999
263173	Transfer-legist.Inform.Service	50,000
263423	Transfer-Joint Legislative Modernzt.Comm.	50,000
263645	Transfer to Legislative Committee	1,715,612
Total		2,583,610

Risk

- 1.2.5.4 Failure to develop policies and procedures to guide the transactions relate to allocation and spending relate to grant may lead to arbitrary decision that may be non-compliant to applicable laws and regulations and may impair the achievement of the entity's objective.

Recommendation

- 1.2.5.5 Management should develop, approve and operationalize policy and procedure to regulate expenditure related money allocated as "grant". The policy should comprehensively catalog provisions for sitting and hearing fees (where applicable) to committee and non-committee members, etc.

- 1.2.5.6 Evidence of approved policy, and all other relevant supporting documents, should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.5.7 *See Exhibit 1*

Auditor General's Position

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

1.2.6 Irregularities Associated with Operational Expenses

Criteria

- 1.2.6.1 Regulations A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."
- 1.2.6.2 Regulation A.15 (1) of the PFM Act of 2009 as amended and restated 2019 states that "a head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless, and wasteful expenditure, and must for this purpose implement clearly defined business Processes, identify risk associated with these Processes and institute effective internal controls to mitigate these risks.

Observation

- 1.2.6.3 During our review, we observed the following irregularities associated with the budget line items "operational expense and other compensation":
- The budget for the Liberian Senate for the fiscal period 2023 contained the budget line with the caption "Operational expense" the total amount of US\$4,865,000. However, there was no evidence of policy and procedure around the expenditure of operational expense to guide the process.
 - Payment made from the operational expense were also for committee hearing, other operational expenses, printing and distribution of reports, etc. which were already budgeted under other line items.
- 1.2.6.4 Additionally, we observed the total amount for Operational expense in the Fiscal Outturn Reports produced by MFDP for the fiscal year ended December 31, 2022 was US\$7,730,897 whereas, the total amount reported in the Senate IFMIS ledger was US\$15,242,090, thus leaving an unexplained variance of US\$7,511,193.

Risk

- 1.2.6.5 Operational expenses may be disbursed on a discretionary basis. This may lead to misappropriation of public funds.
- 1.2.6.6 The completeness and accuracy of operational expenses may not be assured. This may lead to misstatement of operational expenses and subsequently the financial statements.

Recommendation

- 1.2.6.7 Management should adjust the expenditure title to "Other Operational Expenditure".
- 1.2.6.8 Subsequently, Management should develop, approve and operationalize policy and procedures to regulate expenditure related to funds allocated as "Other Operational Expenditure". The policy should comprehensively catalog the nature of all expenditures allowable under such expense and should exclude all previously budgeted expenditure.
- 1.2.6.9 Evidence of approved policy, and all other relevant supporting documents, should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.6.10 *See Exhibit 1*

Auditor General's Position

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

1.2.7 Spending in Excess of Approved Budgeted

Criteria

- 1.2.7.1 Regulation B.24 (1, 2 and 3) of the PFM Act of 2009 as restated in 2019 states: "(1) A head of government agency shall prioritize the Government agency's activities and ensure that related expenditures are within the cash flow plans and budget ceilings or such other ceilings as determined by the Minister".
- 1.2.7.2 Regulation E.13 (1 and 2) of the PFM Act of 2009 as restated in 2019 states: "(1) If additional funds are required because of increased activity costs that could not be foreseen when the annual estimates were presented, application for supplementary estimate shall be made to the Minister through the Line Minister, Sector Minister, or appropriate authority. (2) The accompanying memorandum shall explain how the extra costs became necessary".

Observation

- 1.2.7.3 During our review, we observed that Management expended in excess of its approved budget for the fiscal period without evidence of a supplementary budget. **See table 2 & 3 below for details:**

Table 2: Spending in Excess of Approved Budgeted- the Liberian Senate

Fiscal Year	Approved Budget US\$ (A)	IFMIS Ledger US\$ (B)	Outturn US\$ (C)	Variance B/w IFMIS and Outturn US\$ D=C-B	Variance B/w Outturn and Budget US\$ E=C-A
FY 18/19	14,672,163	18,708,420	13,047,480	(5,660,940)	(1,624,683)
FY 19/20	10,350,232	17,666,304	11,924,508	(5,741,796)	1,574,276
FY 20/21	14,439,789	19,850,578	11,924,508	(7,926,070)	(2,515,281)
SFY 2021	9,052,870	14,493,230	14,493,230	0	5,440,360
FY 2022	21,121,295	29,127,488	21,121,295	(8,006,193)	-
FY 2023	19,347,913	18,138,150	18,529,108	390,958	(818,805)
Total	88,984,262	117,984,169	91,040,129	(26,944,040)	2,055,867

Table 3: Spending in Excess of Approved Budgeted-Combine Legislators

Fiscal Year	Approved Budget (A)	Approved Revised Budget (B)	Est. Outturn (C)	Variance B/w Outturn and Revised Budget D=C-B
FY 18/19	49,755,000	54,442,000	51,972,000	(2,470,000)
FY 19/20	35,287,320	45,599,690	44,890,120	(709,570)
FY 20/21	44,603,300	55,596,220	55,105,930	(490,290)
SFY 2021	33,554,950	29,994,950	39,814,700	9,819,750
FY 2022	64,383,920	90,871,190	87,526,890	(3,344,300)
Total	227,584,490	276,504,050	279,309,640	2,805,590

Risk

- 1.2.7.4 Management may be non-compliant with Section 24(1-2) of the PFM Act of 2009 as amended and restated 2019.
- 1.2.7.5 Spending in excess of approved budget may lead to misappropriation of public funds. This may impair the achievement of the entity's objectives.
- 1.2.7.6 Facilitating unauthorized excess expenditure to GoL entities may lead to under disbursement of approved budgetary allotments to other GoL entities.
- 1.2.7.7 Unauthorized excess disbursement over approved budgetary allotment may lead to misappropriation and misapplication of public funds.

Recommendation

- 1.2.7.8 Management should account for the expenditure in excess of the approved budget limits without evidence of supplementary and /or recast budget for the period.
- 1.2.7.9 Management should ensure that expenditures are within the approved budget limits at all times and where applicable, supplementary and /or approval for recast budget is acquired. Copies of the necessary documentation should be maintained for administrative and review purposes.

- 1.2.7.10 Management should perform periodic (at least quarterly) reconciliation between budgeted and actual revenue and expenditure. Gaps identified should be used to govern future revenue collection and disbursement activities.
- 1.2.7.11 Periodic budget performance reports should be adequately documented and filed to facilitate future review.
- 1.2.7.12 Going forward, Management should ensure that all excess expenditure exceeding authorized limits are approved by the National Legislature.
- 1.2.7.13 Management should ensure that a Statement of Excess Expenditure is prepared and submitted to the National Legislature in a timely manner consistent with Section 24(1-2) of the PFM Act of 2009 as amended and restated 2019.
- 1.2.7.14 Evidence of a Statement of Excess Expenditure should be adequately documented and filed to facilitate future review.

Management's Response

- 1.2.7.15 *See Exhibit 1*

Auditor General's Position

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

1.3 Financial Reporting

1.3.1 No Approved Financial Manual

Criteria

- 1.3.1.1 Regulation A.5 (1) of the PFM Act of 2009 as amended and restated 2019 states "A head of government agency shall with the approval of the Minister issue an accounting manual to suit the operations and regulate the financial matters of the Government agency, indicating:
 - A. The duties to be performed by specified officers,
 - B. The accounts to be kept and returns to be submitted, and
 - C. Such other instructions as may be required for the proper conduct of the financial matters of the Government agency.

Observation

- 1.3.1.2 During our review, we observed no evidence of an approved accounting manual to guide the financial management and accounting Processes of the entity.

Risk

- 1.3.1.3 In the absence of approved financial manual, financial management and accounting transactions and Processes may be performed on a discretionary basis which may be non-compliant with the PFM Act and Regulations.

Recommendation

- 1.3.1.4 Management should develop, approve and operationalize a comprehensive financial manual, outlining all accounting procedures, Processes, systems and controls to be used by staff of the entity's Finance Department. The manual should also catalog all Processes over initiation, processing, authorization and recording for each account balance. Management should facilitate timely and periodic update of approved financial manual to reflect the current operations of the Finance Department and amendments made to the PFM Acts and Regulations.
- 1.3.1.5 Evidence of approved financial manual should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.1.6 *See Exhibit 1*

Auditor General's Position

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

1.3.2 No Automated Financial Management System/ Accounting Software

Criteria

- 1.3.2.1 Regulation A.5 (1) of the PFM Act of 2009 as amended and restated 2019 states "A head of government agency shall with the approval of the Minister issue an accounting manual to suit the operations and regulate the financial matters of the Government agency, indicating:
- A. The duties to be performed by specified officers,
 - B. The accounts to be kept and returns to be submitted, and
 - C. Such other instructions as may be required for the proper conduct of the financial matters of the Government agency.

Observation

- 1.3.2.2 During our review, we observed no evidence of an automated financial management system or accounting software to facilitate comprehensive, real-time and accurate recording of financial transactions.

Risk

- 1.3.2.3 The completeness and accuracy of accounting transactions may not be assured. This may lead to misstatement of financial statements of the entity.
- 1.3.2.4 Accounting data security, integrity, completeness and accuracy may be impaired.
- 1.3.2.5 Management may not account for all of its transactions.

Recommendation

- 1.3.2.6 Management should procure and operationalize a functional accounting software to facilitate complete, accurate and real-time recording of all financial transactions of the entity.
- 1.3.2.7 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the general ledger. Going forward, an automated linkage should be created between the general ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.3.2.8 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for transactions are scanned, attached to the transactions in the accounting software, archived and maintained to facilitate future review.

Management's Response

- 1.3.2.9 *See Exhibit 1*

Auditor General's Position

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

1.3.3 Financial Operations Processed by MFDP Rather than Senate Finance Dept

Criteria

- 1.3.3.1 Section A.3 of the PFM Regulations of 2009 "(1) Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor General, the Comptroller General , the relevant internal Auditor or any officers authorized by them, by the Minister".

Observation

- 1.3.3.2 During our review, we observed that Management financial transactions are processed by the Ministry of Finance and Development Planning rather than the Senate Finance Department. As a result, maintenance of documentation for financial transactions, preparation of financial statements and a centralized control and ownership of procurement activities are impaired.

Risk

- 1.3.3.3 Processing of procurement and financial transactions of the Liberian Senate by the MFDP may impair maintenance of documentation for financial transactions, preparation of financial statements and a centralized control and ownership of procurement activities.
- 1.3.3.4 In the absence of adequate supporting documents, the validity, occurrence and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.
- 1.3.3.5 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.

Recommendation

- 1.3.3.6 Management should facilitate the establishment of a functional centralized financial management system to expedite the processing and recording of procurement and financial transactions. This practice will enhance ownership, effective documentation and financial reporting of the Liberian Senate.
- 1.3.3.7 Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations.
- 1.3.3.8 All relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.3.9 *See Exhibit 1*

Auditor General's Position

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

1.3.4 Non-Preparation and Submission of Financial Statements

Criteria

- 1.3.4.1 Part 1.3.4 of the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting (November 2017) states: "An entity shall prepare and present financial

statements which include the following components:

- a) Statement of cash receipts and payments which recognizes all cash receipts, cash payments and cash balances controlled by the entity
- b) Accounting policies and explanatory notes; and
- c) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget and actual column in the statement of cash receipt and payments in accordance with paragraph 1.7.8 of this Standard"

Observation

- 1.3.4.2 During our review, we observed no evidence that Management prepared and submitted IPSAS cash basis financial statements as adopted by the Government of Liberia for the period under review.

Risk

- 1.3.4.3 Failure of Management to prepare and present approved financial statements may deny stakeholders information relevant for decision making.
- 1.3.4.4 The preparation of the GOL annual consolidated financial statements and subsequent audit of the entity's financial statements may be impaired.
- 1.3.4.5 Management may not fully account for activities of the entity.

Recommendation

- 1.3.4.6 Management should prepare, approve and present IPSAS Cash Basis Financial Statements in line with the GoL reporting framework for the entity.
- 1.3.4.7 Going forward, Management should ensure that approved financial statements are presented to the Offices of the Auditor General and Comptroller & Accountant General two months after the end of the fiscal period in line with the PFM Act.
- 1.3.4.8 All approved periodic (Quarterly and Annual) financial statements should be adequately documented and filed to facilitate future review.

Management's Response

- 1.3.4.9 *See Exhibit 1*

Auditor General's Position

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

1.3.5 Payment Vouchers not Pre-numbered

Criteria

- 1.3.5.1 Regulation P 9 All disbursements or payments of public moneys shall be properly supported by prenumbered 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. (3) All payment vouchers shall be typewritten or made out in ink or ball point pen and shall contain or have attached particulars of the services, goods or works procured including dates, numbers, rates so that they can be checked without references to any other document. (4) All amounts appearing in a voucher shall be written in words as well as in figures (5) Copies of vouchers shall be clearly marked and colored so as to distinguish them from the originals.

Observation

- 1.3.5.2 During our review, we observed that all payment vouchers prepared by Management for the disbursement of funds were not pre-numbered.

Risk

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

Recommendation

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

Management's Response

- 1.3.5.5 *See Exhibit 1*

Auditor General's Position

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

1.3.6 Discrepancy between the Expenditure Report (Senate) and Fiscal Outturn Report (MFDP)

Criteria

- 1.3.6.1 Regulation C. 8 (2) of the PFM Act of 2009 as amended and restated 2019 stipulates that "the head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all subsidies or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".

1.3.6.2 Furthermore, Regulation E.1 (a) and (b) of the PFM Act of 2009 as amended and restated 2019 state that:

- a) "Total aggregate allotments for a particular appropriation line in a given fiscal year may not exceed the amount appropriated for that line in the annual appropriations act, amended from time to time through budgetary reallocations made pursuant to Section 25 of the Public Finance Management Act 2009 and Supplementary Appropriations Acts;
- b) Total payments for a detailed budget line in a given fiscal year may not exceed the allotments issued against that budget line".

Observation

1.3.6.3 During our review, we observed that the actual expenditure per the entity's financial records did not reconcile with the fiscal outturn reports generated by the MFDP.

1.3.6.4 Additionally, we observed the variance of US\$ 26,944,040 between the ledger and the fiscal outturn reports for the below fiscal years. **See table 4 below for detail.**

Table 4: Discrepancy between the Expenditure Report (Senate) and Fiscal Outturn Report (MFDP)

Fiscal Period	IFMIS US\$ (A)	Fiscal Outturns (MFDP) US\$ (B)	Variance US\$ C=A-B	Percentage (Growth)
FY 2018/2019	18,708,420	13,047,480	5,660,940	30%
FY 2019/2020	17,666,304	11,924,508	5,741,796	33%
FY 2020/2021	19,850,578	11,924,508	7,926,070	40%
SBY 2020/2021	14,493,230	14,493,230	(0)	0%
FY 2022	29,127,488	21,121,295	8,006,193	27%
FY 2023	18,138,150	18,529,108	(390,958)	-2%
Grand Total	117,984,169	91,040,129	26,944,040	

Risk

1.3.6.5 The completeness and accuracy of expenditures may not be assured.

1.3.6.6 Revenue and expenditures may be misstated.

Recommendation

1.3.6.7 Management should fully account for the variances between the expenditure reports/ financial statements and the fiscal outturn reports.

1.3.6.8 Going forward, Management should conduct periodic reconciliation between the fiscal outturn reports and the expenditure reports/ financial statements. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of periodic reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.3.6.9 *See Exhibit 1*

Auditor General's Position

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

1.3.7 Manual General Ledgers Not Reconciled to Financial Statements Figures

Criteria

1.3.7.1 Section 36(1) of the Amended and restated Public Financial Management (PFM) Act of 2019 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".

Observation

1.3.7.2 During our review, we observed that Management maintained manual general ledgers which were not reconciled to the (IPSAS Non-Compliant) financial statements.

1.3.7.3 Additionally, Management did not maintain trial balance to facilitate the comprehensive and accurate preparation of financial statements. **See table 5 & 6 below for details:**

Table 5: IFMIS Ledgers Not Reconciled to Financial Statements Figures

Fiscal Period	IFMIS US\$ (A)	Financial Statement US\$ (B)	Variance US\$ C=A-B
FY 2023	18,138,150.03	15,438,653.00	2,699,497.03

Table 6: Fiscal Outturns Report Not Reconciled (MFDP) to Financial Statement

Fiscal Period	Fiscal Outturn US\$ (A)	Financial Statement US\$ (B)	Variance US\$ C=A-B
FY 2023	18,529,108.00	15,438,653.00	3,090,455.00

Risk

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

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

1.3.7.6 Management may not account for all its transactions.

Recommendation

1.3.7.7 Management should account for the variances identified between the general ledger, trial balance and the financial statements.

- 1.3.7.8 Management should adjust the financial statements by the variances observed between the general ledger, trial balance and the financial statements.
- 1.3.7.9 Going forward, 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

- 1.3.7.10 *See Exhibit 1*

Auditor General's Position

- 1.3.7.11 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 Personnel Management

1.4.1 Lack of Approved Human Resource Policies and Procedures

Criteria

- 1.4.1.1 The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.4.1.2 During our review, we observed no evidence of approved human resource policies and procedures to guide its human resource activities.
- 1.4.1.3 Further, we observed no evidence that Management had adopted the Civil Service Standing Order and the Decent Work Act (where applicable) to guide its human resources activities.

Risk

- 1.4.1.4 Failure to adopt approved policies and procedures to guide the activities of the entity may lead to arbitrary decisions that may be non-compliant to applicable laws and regulations and may impair the achievement of the entity's objectives.

Recommendation

- 1.4.1.5 Management should adopt, approve and operationalize human resources policies and procedures for the effective and efficient operations of human resources activities of the entity.

- 1.4.1.6 Alternatively, Management should adopt and operationalize the Civil Service Standing Order and the Decent Work Act (where applicable) to guide the human resources activities of the entity.
- 1.4.1.7 Evidence of approved policies and procedures or adoption of the Civil Service Standing Order and the Decent Work Act (where applicable) should be adequately documented and filed to facilitate future review.
- 1.4.1.8 Going forward, Management should perform periodic review to ensure consistency of approved human resources policies and practices at the entity.

Management's Response

- 1.4.1.9 *See Exhibit 1*

Auditor General's Position

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

1.4.2 Personnel Management-Non-compliance with Recruitment Policy

Criteria

- 1.4.2.1 Section 1 (Article iii) of the Human Resource & Manpower Development Manual "Terms and Conditions of Employment states" the best medium of selection procedure for employment at the Liberian Senate should be through the Human Resource & Manpower Development Department, whether the selection is done by the President Pro-Tempore, Chairman of Rules, Order & Administration or Secretary of the Senate, those selected should be sent to Human Resource Department for scrutiny before employment is made. Every successful candidate shall be notified by letter, upon the receipt of this letter, the beneficiaries or anticipated employee receives further information form the Human Resource Department concerning Employees' Benefits, Job Description, Identification and copy of the Liberian Senate employees handbook".
- 1.4.2.2 CHAPTER 13 section 13.1 of the Decent Work Act of July 6, 2015 States" a contract of employment may be oral or written, and may be for:
 - a) a definite period;
 - b) an indefinite period; or
 - c) the completion of a specific task.
- 1.4.2.3 A contract of employment may be for employment that is:
 - a) full-time;
 - b) part-time; or
 - c) casual.

1.4.2.4 A contract of employment may require that an employee serve a probationary period, provided that it shall not be more than three months. Every contract shall contain all such particulars as necessary to define the rights and obligations of the parties and shall in all cases include:

- i. the name of the employer and the place of employment;
- ii. the name of the employee, the place of engagement and, where practicable, the place of origin of the employee and any other particulars necessary to identify the employee;
- iii. the nature of the employment and position to be held;
- iv. the duration of the employment;
- v. the appropriate period of notice to be given by the party wishing to terminate the contract, which shall not be less than the minimum period of notice provided for in section 14.6; 4 weeks after 12 months service
- vi. the rates of remuneration and method of calculation thereof, the manner and periodicity of payment of wages and advances of wages, if any, and the manner of payment of any such advances;
- vii. the measures to be taken to provide for the welfare of the employee and any members of the employee's family who may accompany the employee under the terms of the contract;
- viii. any special conditions of the contract.

1.4.2.5 An employer shall provide an employee with information about their fundamental rights under Chapter Two of this Act, and also their minimum conditions of employment under this Act.

1.4.2.6 The Minister may prescribe the information or types of information that an employer shall give to an employee for the purposes of paragraph e).

Observation

1.4.2.7 During our review, we observed no evidence of scrutiny for several staff employed during the period under review. **See table 7 below for details:**

Table 7: Personnel Management-Non-compliance with Recruitment Policy

Name of Employees	Date of Bio-Data Form	Position	Senate Pay Grade US\$
Rue Johnson	Feb 14, 2023	Driver 1	638
Maima Enisio Kandakai	Jan 25, 2023	Ex. Secretary	550
Adolphus Barr	Jan 18, 2023	Liaison Officer 2	492
Joe Nimely	Jan 18, 2023	Liaison Officer	491
Oretha Duo	Jan 31, 2023	Secretary	363

- 1.4.2.8 Additionally, we observed that several staff(s) were assigned official identification cards without evidence of prior issuance of employment letter by the Liberian Senate.

Risk

- 1.4.2.9 Management may recruit staffs that do not meet the required qualification and experience to contribute to the overall objectives of the entity.

Recommendation

- 1.4.2.10 Management should ensure that all recruitment activities are carried out in full compliance with the approved/adopted human resources policy.
- 1.4.2.11 Management should ensure that all employees' files contain the relevant supporting document indicative of proper vetting (an approved job description, publication of vacancies, job related test/ interview questions and background check information) in line with the approved/adopted human resources policy. Evidence of approved hiring records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.2.12 *See Exhibit 1*

Auditor General's Position

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

1.4.3 Inadequate Records in Personnel Files

Criteria

- 1.4.3.1 Chapter 5.8 of the CSA Standing Order of 2012 states that "the below listed documents make up the employee's file and must remain in the file as part of the employee's records:
- Employment Letter
 - Resume;
 - Credentials;
 - Personal data;
 - Job description;
 - All subsequent warnings or commendation; and
 - Annual appraisal forms and related evaluation forms."

Observation

- 1.4.3.2 During our review, we observed that Management did not maintain adequate personnel records such as letter of applications, employment letters, credentials, job description, appointment, terms of reference, personnel action notice (PAN), etc.

Risk

- 1.4.3.3 Failure to maintain essential personnel records may lead to Management inability to manage or regulate the activities of its personnel effectively.
- 1.4.3.4 Management may recruit staffs that do not meet the required qualification and experience to contribute to the overall objectives of the entity. This may impair the achievement of the entity's objectives.

Recommendation

- 1.4.3.5 Management should ensure that all employees' files are updated to contain essential documents such as letter of applications, letter of employment, contracts, credentials, term of reference, police clearances, medical certificates, Personnel Action Notice (PAN), etc. to enable Administration regulate the activities of its personnel effectively.
- 1.4.3.6 Management should institute periodic review / inspection of personnel files to validate the completeness of personnel records.
- 1.4.3.7 Management should institute an electronic document management system by scanning all documents in employees' files and create electronic files for each employee. This control will facilitate more effective document retention and archiving system, along with manual records.

Management's Response

- 1.4.3.8 *See Exhibit 1*

Auditor General's Position

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

1.4.4 Unapproved Salary Scales/Structure

Criteria

- 1.4.4.1 Regulation T.3 (1) (d, e and f) of the PFM Act of 2009 as amended and restated 2019 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (d) authorized establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

Observation

- 1.4.4.2 During our review, we observed no evidence of an approved salary structure instituted at the entity.

- 1.4.4.3 Further, a reconciliation between the entity's payroll and the GoL Harmonization Pay Grade revealed that salaries disbursed were not consistent with the GoL Harmonization Pay Grade.
See table 8 below for details:

Table 8: Unapproved Salary Scales/Structure

Description	Area of Assignment	Senate Pay Grade US\$	GoL Harmonization Pay Grade US\$	Variance US\$
Accountant	Pro Tempore Office	2,123.44	700	1,423.44
Drivers	Central Staff	392	285	107.00
Cook	Central Staff	311	225	86.00
House Attendant	Central Staff	311	225	86.00

Risk

- 1.4.4.4 Salaries may be disbursed and adjustments to payroll may be performed on a discretionary basis. This may lead to misapplication and misappropriation of the entity's funds.

Recommendation

- 1.4.4.5 Management should develop, approve and operationalize a salary structure to regulate salary disbursement at the entity. The approved salary structure should comprehensively catalog the various positions at the entity and respective pay grades for each position. Alternatively, Management should officially adopt and operationalize the GoL Harmonization Pay Grade for disbursement of salaries at the entity.
- 1.4.4.6 Management should ensure that all adjustments to the payroll are approved by the relevant authority, supported by the required documentation and consistent with approved salary structure and the Human Resource policy of the entity.
- 1.4.4.7 Evidence of approved salary structure, evidence of adoption of GoL Harmonization Pay Grade (where applicable), and all relevant supporting documents for adjustments to the payroll should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.4.8 *See Exhibit 1*

Auditor General's Position

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

1.4.5 No Automated Payroll Management System

Criteria

- 1.4.5.1 Section 36(1) of the Public Financial Management (PFM) Act of 2009 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".

Observation

- 1.4.5.2 During our review, we observed no evidence of an automated centralized payroll management system to facilitate the effective payroll management of the entity. The payroll was managed in MS excel.

Risk

- 1.4.5.3 Data integrity, security and completeness and accuracy of payroll records may be impaired.
- 1.4.5.4 In the absence of a centralized payroll management system, the computation of taxes, other deductions and net salaries may be impaired.
- 1.4.5.5 Management may not account for all its payroll transactions.

Recommendation

- 1.4.5.6 Management should procure and operationalize a functional payroll system to facilitate complete, accurate and real-time recording of all payroll transactions of the entity.
- 1.4.5.7 An automated control should be established such that transactions (along with supporting documents) posted by a junior staff must be reviewed and approved by senior personnel before the transactions appear in the payroll ledger. Going forward, an automated linkage should be created between the payroll ledger, trial balance and the financial statements to facilitate completeness and accuracy of the financial statements.
- 1.4.5.8 Management should also facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents for payroll transactions are scanned, attached to the transactions in the payroll and accounting software, archived and maintained to facilitate future review.

Management's Response

- 1.4.5.9 *See Exhibit 1*

Auditor General's Position

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

1.4.6 Non-Remittance of NASSCORP's Contributions

Criteria

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

Observation

- 1.4.6.2 During our review, we observed no evidence of payment receipts for remittance of employees' and employer contribution made to NASSCORP for the period under review.

Risk

- 1.4.6.3 Management may be non-compliant with NASSCORP General Regulations of 2018 which may result to penalties and fines.
- 1.4.6.4 Potential retirees of GoL may be denied required pension benefits due to non-compliance with the Regulation.
- 1.4.6.5 The completeness and accuracy of social security contributions for employees may be misstated. This may lead to inaccurate computation of employees' social security benefits.

Recommendation

- 1.4.6.6 A payment plan should be crafted and agreed between Management and NASSCORP Management for full settlement of all arrears. Management should budget for and ensure full compliance to the terms of the agreed payment plan. Management should also ensure that future employers' contributions are adequately provided for in the approved budget on an annual basis (where applicable).
- 1.4.6.7 Management should facilitate full payment of employees and employer's contributions to NASSCORP on a consistent and timely basis.
- 1.4.6.8 Management should ensure that a comprehensive reconciliation is performed with NASSCORP records to ensure that individual employees social security contributions are duly allocated and compiled to validate the completeness and accuracy of employees' social security contributions.

- 1.4.6.9 Going forward, monthly remittance of NASSCORP contributions should be accompanied by a listing of employees and their social security numbers for ease of allocation to employees' NASSCORP accounts respectively.
- 1.4.6.10 Evidence of remittances of monthly social security contribution and all relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.6.11 *See Exhibit 1*

Auditor General's Position

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

1.4.7 Non-Reconciliation of Payroll Journal to Salary Debit Instruction

Criteria

- 1.4.7.1 Regulations T.3(1e) of the PFM Act, 2009 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that:
- the amount of salary and other allowances authorized for payment to each staff is not exceeded".
- 1.4.7.2 Section 36(1) of the Public Financial Management (PFM) Act of 2009 states that "it is a general responsibility under this Act for all government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive, and accurate manner, in the manner prescribed in this Act, under its regulations, and in instruction issued by the Minister".

Observation

- 1.4.7.3 During our review, we observed no evidence that Management performed monthly reconciliation between the payroll journal and the salaries disbursed to employees' bank/mobile money accounts for the period under review.

Risk

- 1.4.7.4 Payments may be made above or below the approved payroll leading to misappropriation of the entity's fund.
- 1.4.7.5 Payment may be made to illegitimate employee/ghost leading to misappropriation of the entity's fund.
- 1.4.7.6 The completeness and accuracy of payroll expenditure may not be assured; therefore, the financial statements may be misstated.

Recommendation

- 1.4.7.7 Going forward, Management should perform monthly reconciliation between the net salaries per the approved payroll journal and the net salaries disbursed in employees' bank/mobile money accounts. Variances identified should be investigated and adjusted where applicable in a timely manner. Evidence of monthly reconciliation should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.7.8 *See Exhibit 1*

Auditor General's Position

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

1.4.8 Personnel listing not Reconcile to Payroll

Criteria

- 1.4.8.1 Regulation T.3 (1) (d, e and f) of the PFM Act of 2009 as amended and restated 2019 states "The head of every Management Unit shall keep records of all Personnel Emolument of staff employed in his management unit, to ensure that: (d) authorized establishments or manpower ceilings are not exceeded; (e) the amount of salary and other allowances authorized for payment to each staff is not exceeded; and (f) payments are not made on the payment voucher to staff who do not belong to the Agency or unit."

Observation

- 1.4.8.2 During our review, we observed no evidence of monthly reconciliation between the personnel listing and the monthly payroll.
- 1.4.8.3 Furthermore, we observed no evidence of a comprehensive personnel listing maintained by the HR Department; therefore, we could not reconcile same to the payroll.

Risk

- 1.4.8.4 The lack of a comprehensive personnel listing may impair effective monitoring of employees of the entity.
- 1.4.8.5 Non-reconciliation of the personnel listing to the payroll may lead to illegitimate personnel/ghost being compensated for services not performed.

Recommendation

- 1.4.8.6 Management should develop a comprehensive personnel listing cataloging all staff of the entity. The personnel listing should include columns for: date of employment, job title/position, assigned department/section, identification number, qualification, sex, date of birth and basic salary of staff as required by the Standing Orders of the Civil Service and the Decent Work Act.

- 1.4.8.7 Management should perform monthly reconciliation between the personnel listing and the approved payroll. Variances identified should be investigated and adjusted where applicable in a timely manner.
- 1.4.8.8 Evidence of monthly personnel listing and monthly reconciliation between the personnel listing and the approved payroll should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.8.9 *See Exhibit 1*

Auditor General's Position

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

1.4.9 No Approved Job Description

Criteria

- 1.4.9.1 The Committee of Sponsoring Organizations (COSO) of the Treadway Commission Framework requires Board's oversight responsibilities including providing advice and direction to management, constructively challenging management, approving policies and transactions, and monitoring management's activities. Consequently, the board of directors is an important element of internal control. The board and senior management establish the tone for the organization concerning the importance of internal control and the expected standards of conduct across the entity

Observation

- 1.4.9.2 During our review, we observed that Management did not comprehensively catalog approved job descriptions for each personnel at all level of the organization.

Risk

- 1.4.9.3 In the absence of an approved job description for staff, work may be performed on a discretionary basis.
- 1.4.9.4 Clearly defined task for employees may not be established. This may impair the level of service and productivity of staff and the measure of monitoring and evaluating staff performance.

Recommendation

- 1.4.9.5 Management should comprehensively catalog approved job descriptions for each personnel at all levels of the organization. The approved job description should be included in all employees' employment letter and made available to employees before commencement of service. A formal communication detailing approved job descriptions should be forwarded to

all existing staff. The approved job description should be periodically adjusted to reflect the current operations of the entity.

- 1.4.9.6 Management should ensure that employees are familiarized with and capacitated to perform approved job descriptions. Management should facilitate the performance of periodic training to upgrade the capacity of staff to perform approved roles and responsibilities.
- 1.4.9.7 Evidence of approved job description, subsequent adjustments and periodic training of staff should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.9.8 *See Exhibit 1*

Auditor General's Position

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

1.4.10 Lack of Approved Organogram

Criteria

- 1.4.10.1 The Committee of Sponsoring Organizations (COSO) of the Treadway Commission Framework requires Board's oversight responsibilities including providing advice and direction to management, constructively challenging management, approving policies and transactions, and monitoring management's activities. Consequently, the board of directors is an important element of internal control. The board and senior management establish the tone for the organization concerning the importance of internal control and the expected standards of conduct across the entity

Observation

- 1.4.10.2 During our review, we observed that Management did not have an approved organogram showcasing approved hierarchical structure/chain of command of the entity and line of reporting.

Risk

- 1.4.10.3 The concepts of segregation of duties and checks and balances may not be achieved which may impair effective coordination, reporting and the operations of the entity.
- 1.4.10.4 A clearly defined reporting structure may not be established thereby impairing segregation of duties and checks and balances.

Recommendation

- 1.4.10.5 Management should develop, approve and operationalize an organogram that details established hierarchical structure, clearly defined reporting channels and authorities and

responsibilities within the entity. The approved organogram should be reflective of the current operations and practices at the entity. Evidence of approved organogram should be adequately documented and filed to facilitate future review.

Management's Response

1.4.10.6 *See Exhibit 1*

Auditor General's Position

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

1.4.11 Non-Monitoring of Attendance Log

Criteria

1.4.11.1 Chapter 5 Section 5.1.1 of the CSA Standing Order of 2012 states that Employees of the Civil Service are normally required to work 5 days per week. Normal working hours are from 8:00 a.m. to 4:00 p. m. subject to the approval of supervisors. A period of one hour is allowed for lunch. No employee is permitted to leave his place of work without the knowledge of his supervisor."

Observation

1.4.11.2 During our review, we observed that the daily attendance logs were not adequately supervised or monitored by staff of the Human Resource Department.

1.4.11.3 Further, Personnel are processed on the payroll without reference to the signed daily attendance log.

1.4.11.4 Additionally, there was no evidence of approved and updated personnel roster.

Risk

1.4.11.5 Failure to monitor and supervise personnel attendance records may result to compensation of non-deserving employees. This practice may cultivate an inappropriate work culture at the entity and may subsequently impair the operations and performance of the entity.

1.4.11.6 The absence of an accurate attendance log to monitor staff on a daily basis may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.

Recommendation

1.4.11.7 Management should ensure that all staff sign the daily attendance records. The daily attendance sheet should include the following columns: name of employee, department, position, signatures and time for in and out periods.

1.4.11.8 Management should conduct periodic spot checks to ascertain the authenticity of the attendance records. The attendance records including spot checks records should be adequately documented and filed to facilitate future review.

1.4.11.9 Management should ensure that personnel attendance records are regularly monitored by a designated staff and that employees should be reprimanded in line with the entity's employees' handbook for failing to report to work.

Management's Response

1.4.11.10 *See Exhibit 1*

Auditor General's Position

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

1.4.12 No Employees Performance Appraisal

Criteria

1.4.12.1 Chapter 8, Section 1, reports 8.1.1 of the Civil Servants Standing Order of 2021 provides that "all classified Civil Servants shall have their work performance appraised at the end of the calendar year. Performance Appraisal Reports shall be completed by officers who are the immediate supervisors of those being appraised. Reports shall be made on the standard performance appraisal report form and a copy of which shall be forwarded to the Director General within 15 working days of the end of the calendar year".

Observation

1.4.12.2 During our review, we observed no evidence that Management conducted performance evaluation of its employees during the fiscal periods under review as required.

Risk

1.4.12.3 The lack of periodic performance appraisal may lead to unnoticed and/or consistent poor performance by employee of the entity, thereby impairing the achievement of the entity's objectives.

1.4.12.4 In the absence of a documented performance evaluation system, employee development plan may not be achieved thereby impairing the achievement of the entity's objectives.

1.4.12.5 Employees may be promoted or demoted on a discretionary basis.

Recommendation

1.4.12.6 Management should facilitate the conduct of periodic performance evaluations for all staff. Performance goals should be clearly defined and documented for all positions.

- 1.4.12.7 Employees should be familiarized with performance goals and be given the opportunity to periodically evaluate themselves against set goals. Subsequently, performance managers/supervisors should evaluate the performance of assigned employees against set goals and update the employees about the result of the evaluation including areas of targeted development.
- 1.4.12.8 Management should solicit post feedback from employees about the fairness of the performance evaluation system and make adjustments where applicable.
- 1.4.12.9 Documentation for performance evaluation should be adequately filed to facilitate future review.

Management's Response

1.4.12.10 *See Exhibit 1*

Auditor General's Position

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

1.4.13 Non-Performance of Exit Conference for Resignation & Retirement

Criteria

- 1.4.13.1 Regulation A.15(1) of the PFM Act of 2009 as amended and restated 2019 states: "The head of government agency must exercise all reasonable care to prevent and detect unauthorized, irregular, fruitless and wasteful expenditure, and must for this purpose implement clearly defined business Processes, identify risk associated with these Processes and institute effective internal control to mitigate these risks".
- 1.4.13.2 Further, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal control framework on control activities states: "Institutions deploy control activities through policies that establish what is expected and procedures that put policies into action". Policies and procedures are established and implemented to help ensure that risk responses are effectively carried out within an entity.

Observation

- 1.4.13.3 During our review, we observed no evidence that Management performed exit conference for staff who had resigned during the period under review.

Risk

- 1.4.13.4 In the absence of an exit conference upon resignation, Management may not be aware of the underlying reason (s) for employees' resignation. This may lead to high labor turnover of employees.

Recommendation

- 1.4.13.5 Management should facilitate the performance of exit conference for all staff departing the entity to ascertain the reason(s) for resignation.
- 1.4.13.6 Management should catalog reason(s) obtained from exiting staff during the exit conference to aid in the formulation of employee's development plan. Existing resources should be used to resolve significant issues raised by exiting personnel.
- 1.4.13.7 Evidence of exit conference and actions to address significant concerns should be adequately documented and filed to facilitate future review.

Management's Response

- 1.4.13.8 *See Exhibit 1*

Auditor General's Position

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

1.4.14 Non-Documentation of Adjustments (Joiners, Leavers, etc) to Payroll

Criteria

- 1.4.14.1 Regulations T.8 of the PFM Act of 2009 as amended and restated 2019 states that "Unless the effective date is otherwise specified under any other enactment, the effective date shall be in the case of a. a deceased public officer, the three months following the date of death;
 - a) convicted officers, the date of conviction;
 - b) leave without pay, the date approved for the leave;
 - c) officers absent without leave, the first day of such absence; or
 - d) resignation and retirement, the effective date for stoppage shall be the earlier of: date of absence; or date specified on a relevant document."

Observation

- 1.4.14.2 During our review, we observed no evidence that Management comprehensively documented adjustments (joiners, leavers, promotions, demotions, suspensions, etc.) on a periodic basis for the period under review.

Risk

- 1.4.14.3 Approved adjustments to the payroll may not be implemented in a timely manner.
- 1.4.14.4 In the absence of documented payroll adjustments, records may not be available to detect and correct unauthorized adjustments.
- 1.4.14.5 Effective payroll review and reconciliation may be impaired.

Recommendation

- 1.4.14.6 Management should facilitate a comprehensive documentation of all payroll adjustments (joiners, leavers, promotions, demotions, suspensions, etc.) on a monthly basis by the HR Department. All adjustments to the payroll should be cataloged by the Human Resource Department and submitted to the Finance Department for processing. Subsequently, the Finance Department should submit the adjusted payroll to the head of each department/units and the Human Resource Department for validation before submission to MFDP for processing.
- 1.4.14.7 Evidence of periodic adjustments to the payroll journals and all other relevant supporting records should be adequately documented and filed to facilitate future review.
- 1.4.14.8 Going forward, Management should perform periodic (monthly) review of the payroll to ensure that exited personnel had been removed from the payroll within statutory period. Staff maintained beyond approved timeline should be immediately removed from the payroll.

Management's Response

- 1.4.14.9 *See Exhibit 1*

Auditor General's Position

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

1.4.15 Lack of Segregation of Duties in Payroll Management

Criteria

- 1.4.15.1 According to COSO Framework 2011, paragraph 148, "senior management and the board of directors establish the organizational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the entity. This goal is to provide for clear accountability and information flow within and across the overall entity, and its subunits".

Observations

- 1.4.15.2 During our review, we observed no evidence that monthly payroll originated from the Human Resource Unit and forwarded to the Finance Unit for processing.
- 1.4.15.3 Additionally, we observed no evidence that the payroll journals were subsequently submitted to heads of department/units to review and corroborate salaries to be disbursed to personnel of respective department/units.

Risk

- 1.4.15.4 Lack of segregation of duties of such key functions may impair check and balances, thereby, leading to misappropriation of the entity's fund.

1.4.15.5 Inadequate review of the payroll may lead to ghost or undeserving staff being compensated. This may also lead to salaries being paid for work not performed.

1.4.15.6 Unauthorized adjustments may be undetected leading to misappropriation of the entity's fund.

Recommendation

1.4.15.7 Management should facilitate segregation of duties and check and balances in the preparation of monthly payroll. All adjustments to the payroll should be cataloged by the Human Resource Department and submitted to the Finance Department for processing.

1.4.15.8 Subsequently, the Finance Department should submit the adjusted payroll to the head of each department/units and the Human Resource Department for validation before submission to MFDP for processing.

1.4.15.9 Evidence of approved monthly payroll journals and all other relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

1.4.15.10 *See Exhibit 1*

Auditor General's Position

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

1.4.16 Irregularities Associated with Employees' Leave

Criteria

1.4.16.1 Chapter 1, Section 2 (1.2.6) of the Standing Orders for the Civil Service of 2012 states: "The Division of Leave and Pension maintains all leave records and ensures that leave is granted to Civil Servants who are entitled to it. There are various categories of leave, all of which are detailed in Chapter 7. In some cases leave can be granted by Agency Heads but in others the approval of the CSA must first be obtained. A Civil Servant's own agency is responsible for initiating requests for those categories of leave which need CSA approval; such requests must be submitted to the Division on the approval Leave Request Form. Pension information is also handled by this division".

1.4.16.2 Additionally, Chapter 7, Section 2 (7.2.5) of the Standing Orders for the Civil Service of 2012 states: "A Civil Servant who has been nominated by his Agency Head to pursue a course of study which will enable him to perform his duties better on his return may, with the approval of the Director-General, be granted study leave. Such leave shall include full salary for up to a maximum of 6 months and half salary for up to a maximum period of 24 months. An officer, who fails to return to the Agency which released him for the course of study,

shall be required to return to Government all salaries received whilst on the course of study”.

Observation

1.4.16.3 During our review, we observed the following irregularities associated with the entity's personnel leave management for the period under review:

1.4.16.4 No approved management policy.

1.4.16.5 No evidence that Management made provisions for and granted annual leave to staff regularly as and when due.

1.4.16.6 No evidence that Management maintained leave tracking records to properly document leave granted to its employees.

Risk

1.4.16.7 Staff may be burned out/fatigued due to non-utilization of annual leave. This may impair the achievement of the entity's objectives.

1.4.16.8 Management may lose potential staff upon return from study leave in the absence of a contract/agreement. This may deny the entity of the needed benefit from capacitated/trained staff and impair the achievement of the entity's objectives.

Recommendation

1.4.16.9 Management should facilitate effective planning of annual leave of staff by ensuring designated leave periods are decided by employees and approved by Management at the commencement of the year.

1.4.16.10 Management should ensure that employees are granted leave in accordance with the planned schedule, adjusted based on discussion with, and consent of the employee or budget for compensation for unutilized leave periods.

1.4.16.11 Management should ensure that contract is developed to regulate study leave for staff of the entity. The terms and conditions of the contract should be agreed by all relevant parties evidenced by their approvals/signatures.

1.4.16.12 All leave forms should be approved by the appropriate authority. Evidence of approved leave forms and corresponding contract (where applicable) should be adequately documented and filed to facilitate future review.

Management's Response

1.4.16.13 *See Exhibit 1*

Auditor General's Position

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

1.5 Cash Management

1.5.1 Inactive Bank Accounts

Criteria

1.5.1.1 Section R.3 of the PFM Regulation states that, (1) When ordering the opening of a bank account for a Ministry or a Government Agency, the Comptroller-General under instruction from the Minister, shall communicate to the bank and the head of government agency, the conditions under which the account will be operated, which shall include: (a) Prohibition of overdraft on the bank account; (b) A requirement that all Checks shall be signed by at least two officers, (c) No officer shall sign any check which has not been fully completed in all respects . (d) Names and specimen signatures of officers authorized to sign Checks on the bank account; and (e) A requirement for the Bank to provide the Head of Government Agency with monthly bank statements on the account.

Observation

1.5.1.2 During our review, we observed inactive bank accounts title "Senate Legislative Modernization Account" with account numbers 00121971264340202 and 00121911264340101 for United States and Liberian Dollars respectively, domicile at the International Bank of Liberia.

1.5.1.3 Additionally, the dormant accounts accrued charges amounting to US\$120.00 and LD\$3,200 for United States and Liberian Dollars respectively.

1.5.1.4 Further, one of the "A" signatories is no longer a member of the Liberian Senate. **See table 9 below for details:**

Table 9: Inactive Bank Accounts

Signatory	Date Added/Updated	Mandate
Conmany B. Wesseh (Chair)	23-Jun-21	A Jointly

Risk

1.5.1.5 Inactive accounts may accrue charges leading to misapplication of the entity's fund.

1.5.1.6 Inactive accounts may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.

- 1.5.1.7 Exited signatories not removed from bank account mandate may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.
- 1.5.1.8 Unauthorized signatories may facilitate the processing of illegitimate transactions leading to misappropriation and/or fraud.

Recommendation

- 1.5.1.9 Management should formally communicate with all banking institutions to disclose all the entity's bank accounts maintain by the banking institutions, the status of the bank accounts, signatories to the accounts and the bank statements for reasonable periods.
- 1.5.1.10 Subsequently, Management should review the bank statements for unusual transactions, investigate and resolve unusual transactions, authorize the immediate closure of all inactive bank/mobile money accounts and regularize the signatories to reflect current senior management team.
- 1.5.1.11 Management should also ensure that the relevant segregation of duties over processing banking transactions are initiated and operationalized. Levels of signatures for banking transactions should be created consistent with the approved financial manual of the entity.

Management's Response

- 1.5.1.12 *See Exhibit 1*

Auditor General's Position

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

1.5.2 Non-Preparation of Bank Reconciliation

Criteria

- 1.5.2.1 Regulation R.3 (6) of the PFM Act of 2009 as amended and restated 2019 states that "the balance of every bank account as shown in a bank statement shall be reconciled with the corresponding cashbook balance at least once every month; and the reconciliation statement shall be filed or recorded in the cash book or reference to the date and number thereof".

Observation

- 1.5.2.2 During our review, we observed no evidence of monthly bank reconciliation statements for all bank accounts for the periods under review.

Risk

- 1.5.2.3 Failure to prepare bank reconciliation statements may lead to untimely detection of errors or omissions and fraud.

1.5.2.4 Management may not fully account for all of its transactions.

Recommendation

1.5.2.5 Management should ensure that monthly bank reconciliation reports are prepared for each operational and designated account established by the entity.

1.5.2.6 Bank reconciliation statements should be prepared by personnel with the relevant qualification, experience and seniority (where applicable).

1.5.2.7 Evidence of monthly bank reconciliation reports should be adequately documented and filed to facilitate future review.

Management's Response

1.5.2.8 *See Exhibit 1*

Auditor General's Position

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

1.5.3 No Petty Cash System

Criteria

1.5.3.1 Regulation S.2 (2) of the PFM Act of 2009 as restated in 2019 states: "Strong rooms, safes or strong boxes provided for the safe custody of public moneys and valuables in a government agency's departments and offices in which such moneys or valuables are received and retained either temporarily or permanently, shall be fitted with two different locks, the keys or combinations of which shall be held by the head of government agency and the Controller".

Observation

1.5.3.2 During our review, we observed that Management did not maintain a petty cash/imprest system for the period under review.

1.5.3.3 Further, we observed no evidence of approved petty cash policy.

Risk

1.5.3.4 In the absence of petty cash/imprest system, petty cash may not be available to procure supplies and services of very minimum value.

1.5.3.5 Management should endure the rigors of exhausting the procurement procedures for purchase of supplies and services of very minimum value. This may impair the efficient operations of the entity.

- 1.5.3.6 In the absence of a petty cash policy, petty cash may be used on a discretionary basis. This practice may facilitate non-compliance with approved procurement laws and regulations.

Recommendation

- 1.5.3.7 Management should develop, approve and operationalize a petty cash policy to govern the management of petty cash of the entity. The policy should include provisions for the following:
- Nature of petty cash transactions
 - The size of the petty cash/imprest
 - The threshold of petty cash transactions
 - The custodian and safe of petty cash
 - Activities over processing petty cash and disbursement of petty cash transactions
 - Activities over replenishment of petty cash
- 1.5.3.8 All relevant supporting documents including approved petty cash policy and payment vouchers for petty cash disbursement and replenishment should be adequately documented and filed to facilitate future review.

Management's Response

- 1.5.3.9 *See Exhibit 1*

Auditor General's Position

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

1.5.4 Non-Disclosure of Bank Accounts

Criteria

- 1.5.4.1 Regulation C.8 (1& 2) of the PFM Act of 2009 as restated in 2019 states: "(1) A head of a government agency or spending unit shall be personally and pecuniary responsible to Legislature for the use of funds under their control. (2) A head of agency or spending unit shall have overall responsibility and accountability for the collection and receipt of all revenues or the financial administration of the monies voted by Legislature for, or applied by statute to, the services under the control of his or her ministry or agency".
- 1.5.4.2 Additionally, Regulation C.8 (4) of the PFM Act of 2009 as restated in 2019 states: "A head of agency or spending unit shall: (a) manage and reconcile the bank accounts authorized for the Agency by the Minister".

Observation

- 1.5.4.3 During our review, we observed that Management did not disclose two (2) bank accounts with the International Bank Liberia Limited with details below and observed no reconciliation for the periods under review. **See table 10 below for details.**

Table 10: Non-Disclosure of Bank Accounts

Account Title	Account Status	Account Numbers	CCY	Balance As at Jan 2024
Senate Legislative Modernization Account	Dormant	00121971264340202	USD	347
Senate Legislative Modernization Account	Dormant	00121911264340101	LRD	3,000

Risk

- 1.5.4.4 The non-disclosure of bank accounts in the entity's financial statements may facilitate misappropriation and/or fraud.
- 1.5.4.5 Fair presentation, full disclosure, understandability and reconciliation of the cash balances may not be assured. This may lead to misstatement of cash balances.
- 1.5.4.6 Management may not fully account for activities of the entity.
- 1.5.4.7 Cash and bank balances reported in the financial statements may be misstated.

Recommendation

- 1.5.4.8 Management should fully disclose all of its bank accounts on the face and notes of the financial statements.
- 1.5.4.9 Management should formally communicate with all banking institutions to disclose all the entity's bank accounts maintain by the banking institutions, the status of the bank accounts, signatories to the accounts and the bank statements for reasonable periods.
- 1.5.4.10 Subsequently, Management should review the bank statements for unusual transactions, investigate and resolve unusual transactions, authorize the immediate closure of all inactive bank/mobile money accounts and regularize the signatories to reflect current senior management team.

Management's Response

- 1.5.4.11 *See Exhibit 1*

Auditor General's Position

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

1.6 Procurement Management

1.6.1 Irregularities Associated with Procurement Management

Criteria

- 1.6.1.1 Section 30 (1 and 2) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: "(1) Each Procurement Committee shall constitute a Bid Evaluation Panel with the required expertise as and when required to evaluate bids solicited by the Procuring Entity. (2) A Bid Evaluation Panel shall be responsible for the evaluation of bids in accordance with the predetermined and Published evaluation criteria as outlined to bidders in the bid documents in accordance with this Act and shall prepare and submit evaluation reports and recommendations for award for the consideration of the Procurement Committee or the Head of the Procuring Entity as provided in the Schedule".
- 1.6.1.2 Section 32 (1, 2 and 3) of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states: (1) "In order to participate in procurement proceedings, a bidder must qualify by meeting the criteria set by the Procuring Entity, which will normally include evidence of: (a) Professional and technical qualifications; (b) Equipment availability, where applicable; (c) Past performance; (d) After-sales service, where applicable; (e) Spare parts availability; (f) Legal capacity; (g) Financial resources and condition; and (h) Verification by the internal revenue authority of payment of taxes and social security contributions when due. (2) The qualification criteria set forth in subsection (1) of this Section shall be applied by examining, through investigation and collaboration with other relevant agencies, to ascertain whether or not the bidder meets the minimum qualification criteria established for the bid and not by using a point system for comparing the relative level of qualifications of participating bidders. (3) The Procuring Entity shall be entitled to demand qualification documentation from potential bidders in formal prequalification proceedings, or as a required component of a bid submission".
- 1.6.1.3 Regulation 12 - Bid Evaluation Panel (Section 30 of the Act) (1) In the establishment of a Bid Evaluation Panel by the Procurement Committee pursuant to section 30 of the Act, the Procurement Committee shall ensure that: 11 (a) Due regard is given to the subject matter of the bid or the expertise required for the evaluation of the bid. (b) Persons who are qualified and required to serve on a Bid Evaluation Panel for the evaluation of bids are invited formally in writing to serve on the Bid Evaluation Panel. (c) A person who accepts to serve on the Bid Evaluation Panel shall give a written undertaking confirming that, no conflict of interest exists or would arise in the performance of his/her responsibilities as a member of the Bid Evaluation Panel.

Observation

- 1.6.1.4 During our review, we observe the following irregularities associated with the procurement system:
- No evidence of a functional procurement committee up to FY 2023.

- There was no evidence of annual procurement plan approved by PPCC.
- There was no evidence of periodic (quarterly and annual) procurement activities report submitted to PPCC.
- Additionally, we observed that Bid Evaluation Panel (BEP) members did not comply with the conflict of interest disclosure procedure, as required by the Regulation 12 - Bid Evaluation Panel Section 30 of the Act.

Risk

- 1.6.1.5 In the absence of a functional procurement committee, the entity's procurement Processes may be discretionary.
- 1.6.1.6 The lack of an approved Procurement Plan may lead to discretionary expenditure, waste and impair value for money.
- 1.6.1.7 In the absence of quarterly and annual procurement activities reports, Management may be in noncompliance with the PPC Act of 2005 as amended and restated in 2010.
- 1.6.1.8 Management may not adequately account for its procurement activities and impair effective monitoring of its procurement activities by the PPCC.
- 1.6.1.9 Non-declaration of conflict of interest by Bid evaluation panel members may lead conflict of interest and selection of inappropriate vendors.

Recommendation

- 1.6.1.10 Management should facilitate the approval of annual procurement plan by PPCC. All unplanned procurement activities should be subsequently submitted to PPCC for approval before execution.
- 1.6.1.11 Management should facilitate the preparation and submission of quarterly and annual procurement activities reports to the PPCC as required by the PPC Act of 2005 as amended and restated in 2010.
- 1.6.1.12 Evidence of approved annual procurement plan, quarterly and annual procurement activities reports, and all relevant supporting procurement records should be adequately documented and filed to facilitate future review.
- 1.6.1.13 Management should facilitate full disclosure of conflict of interest (where applicable) and ensure that all bid evaluation panel members are in full compliance with Regulation 12 Section 30 of the PPC Act of 2005 as amended and restated in 2010 for open, fair, and competitive evaluation process.

Management's Response

- 1.6.1.14 *See Exhibit 1*

Auditor General's Position

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

1.6.2 Non-Withholding and Remittance of GST

Criteria

- 1.6.2.1 Section 905 (J) and (M) of the Revenue Code of Liberia Act of 2000 states: (j) "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."

Observation

- 1.6.2.2 During our review, we observed no evidence of goods & services tax (GST) (2% or 4% for goods, 10% and 15% for service and consultancy of resident and non-resident respectively and 1% for petroleum products) being withheld and remitted into GoL Revenue Account for the purchase of goods and services.

Risk

- 1.6.2.3 Failure to withhold and remit GST may deny GoL of the much-needed tax revenue.
- 1.6.2.4 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. Please see Section 52 of the Revenue Code of Liberia as referenced above.
- 1.6.2.5 Non-remittance of withholding taxes may lead to an overstatement of the cash book and subsequently the financial statements.

Recommendation

- 1.6.2.6 Management should provide substantive justification for not withholding and remitting GST.
- 1.6.2.7 Going forward, Management should withhold GST on all goods and services procured and facilitate full remittance of GST to the general revenue account in keeping with Section 905 (J) of the Revenue Code of Liberia Act of 2000 as amended in 2011.
- 1.6.2.8 Evidence of remittance including original copies of flag receipts and other supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.2.9 *See Exhibit 1*

Auditor General's Position

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

1.6.3 Payments without Evidence of Contract

Criteria

- 1.6.3.1 Section 66 of the Public Procurement and Concessions Act of 2005 as amended and restated in 2010 states that "(2) A procurement contract shall come into force for a procurement requiring the execution of a contract which shall be binding on the bidder and the Procuring Entity when the contract is signed by the bidder and by the Procuring Entity subject to the requirements of Section 31 and to the remedies in Section 127 of this Act.

Observation

- 1.6.3.2 During our review, we observed that Management did not maintain contract register and made several payments for the provision of various goods and services within the thresholds for the award of contract without evidence of contracts been awarded. **See table 11 below for details:**

Table 11: Payments without Evidence of Contract

Accounts	Date	Description	Amount
Operational Expenses	18-Jul-23	payment represents Other Operational Expense in favor of the Office of the President Pro- Tempore of the Liberian Senate for July, 2023	350,000
Operational Expenses	19-Jul-23	payment represents Other Operational Expense in favor of the Office of the President Pro- Tempore of the Liberian Senate for July, 2023	200,000
Operational Expenses	20-Jul-23	payment represents Other Operational Expense in favor of the Office of the President Pro- Tempore of the Liberian Senate for July, 2023	200,000
Operational Expenses	21-Jul-23	Other Operational Expenses for July 2023-SENATE	795,000
Operational Expenses	20-Jan-22	Other Operational Expense for Jan. 2022-SENATE	873,786
Operational Expenses	20-Jan-22	Operation expenses January 2022 HOS	292,214
Operational Expenses	26-Jan-22	Other Operational Expense for Jan. 2022-SENATE	500,000
Operational Expenses	2-Feb-22	COST OF OTHER OPERATIONAL EXPENSES FOR JANUARY 2022	250,000
Operational Expenses	4-Feb-22	Other Operational Expenses for Feb. 2022-SENATE	200,000
Operational Expenses	4-Feb-22	Other Operational Expenses for Feb. 2022-SENATE	200,000
Operational	4-Feb-22	Other Operational Expenses for Feb. 2022-SENATE	

Accounts	Date	Description	Amount
Expenses			100,000
Operational Expenses	22-Feb-22	Other Operational Expense for Feb. 2022-SENATE	250,000
Total			4,211,000

Risk

- 1.6.3.3 Management may be non-compliant with the required procurement method. Management may override the procurement process by completing disbursement without utilizing the required procurement method.
- 1.6.3.4 Payments may be made for goods and services not delivered or the specification of goods and services per the approved contracts may not be delivered/received. This may impair the achievement of value for money.
- 1.6.3.5 In the instance of breach of terms of contracts, documentation to facilitate litigation may not be available. This may lead to financial and/or reputational losses.
- 1.6.3.6 Payments may not be consistent with the approved terms and conditions. This may lead to dispute, breach of contract, litigation, financial losses and/or reputational damages.

Recommendation

- 1.6.3.7 Going forward, Management should develop contracts for the provision of all goods and services within the threshold required by the PPC Act. The contracts should include nature of goods/service to be delivered, value of the goods/services, timing of delivery of goods/services, payment terms for delivery of goods/services and a clearly defined repercussion for breach of contract terms.
- 1.6.3.8 Subsequently, Management should facilitate the approval of contracts by all parties and ensure that the provisions of the contracts are fully operationalized. Management should also ensure that proper coordination, monitoring and evaluation of the contract terms are implemented periodically during the execution of the contracts. Payment should be made consistent with phase of completion as enshrined in the approved contract.
- 1.6.3.9 Additionally, Management should facilitate the operationalization of the electronic document management system by ensuring that all relevant source and supporting documents are scanned, attached to the transaction (in the accounting software for financial transactions), archived and maintained to facilitate future review.

Management's Response

- 1.6.3.10 *See Exhibit 1*

Auditor General's Position

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

1.6.4 Segregation of Duty

Criteria

- 1.6.4.1 According to COSO Framework 2011, paragraph 148, "senior management and the board of directors establish the organizational structure and reporting lines necessary to plan, execute, control and periodically assess the activities of the entity. This goal is to provide for clear accountability and information flow within and across the overall entity, and its subunits".
- 1.6.4.2 Rule 16 Section (2 & 3) states that "(2) Provide supervision of the Senate employees, including members of the Secretariat of the Senate. The Secretariat of the Senate shall comprise the Secretary of the Senate, Assistant Secretary of the Senate, Sergeant-At-Arms, the Chamber Staff and the heads of all administrative departments and/or section. (3) Administers the various departments of the Liberian Senate in execution of their respective functions. He/she shall recommend employment and termination of services of employees in category of the Senate through the Committee on Rules, Order and Administration".

Observation

- 1.6.4.3 During our review, we observed that the Procurement Officer procured, received and distributed fuel coupons.
- 1.6.4.4 Additionally, during our review, we observed Senators direct involvement into financial transactions/activities rather than the Secretary of the Senate (Head of Secretariat) as indicated in the Standing Order above through the signing of payment vouchers.
- 1.6.4.5 Further, we observed, the payroll is prepared, reviewed and approved exclusively by the Chief Accountant within the Finance Department.

Risk

- 1.6.4.6 Lack of segregation of duties of such key functions may impair checks and balances, thereby, leading to misappropriation within the entity.
- 1.6.4.7 Lack of segregation of duties and checks and balances may not be achieved which may impair effective coordination, reporting and the operations of the entity.

Recommendation

- 1.6.4.8 Management should ensure that the receiving and distribution function is independent of the procurement process; thereby strengthening internal controls, increasing transparency and reducing the risk of fraudulent activities.

- 1.6.4.9 Management should ensure adequate segregation of duties between Senators and administrative functions to enable the Head of Secretariat performs his/her duties and responsibilities independently and objectively.
- 1.6.4.10 Management should also ensure that the relevant segregation of duties over processing (preparing, reviewing and approving) of transactions are initiated and operationalized. Management should facilitate segregation of duties and checks and balances in the preparation of monthly payroll. All adjustments to the payroll should be cataloged by the Human Resource Department and submitted to the Finance Department for processing. The payroll should be prepared by a payroll officer/accountant, reviewed by the Chief Accountant and approved by the Controller. Subsequently, the Finance Department should submit the adjusted payroll to the head of each department/units and the Human Resource Department for validation before submission to MFDP for processing.

Management's Response

- 1.6.4.11 *See Exhibit 1*

Auditor General's Position

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

1.6.5 Irregularities Associated with Fuel Management

Criteria

- 1.6.5.1 Regulations A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."

Observation

- 1.6.5.2 During our review, we observed the following irregularities associated with fuel management:
- No approved fuel management policy.
 - Fuel expenditures were not consistent with the approved annual procurement plan and budget.
 - No evidence of adequate fuel distribution and consumption log.

Risk

- 1.6.5.3 Fuel may be procured and distributed on a discretionary basis, in the absence of a policy.
- 1.6.5.4 Fuel procured may not be based on actual consumption.
- 1.6.5.5 Management may spend above budgeted allocation and fuel may be subjected to misappropriation or theft.

Recommendation

- 1.6.5.6 Management should develop, approve and operationalize a policy on fuel procurement, distribution, consumption and ensure that proper records are maintained.
- 1.6.5.7 Management should ensure that fuel expenditures are consistent with the approved annual procurement plan and budget. All unplanned fuel expenditures should be approved by the relevant authority before disbursement.
- 1.6.5.8 Management should maintain a fuel consumption and distribution log to aid the entity manage cost and inform future purchase. All unutilized fuel allocation should be duly accounted for, carry forward to subsequent period and factor in the subsequent procurement of fuel.
- 1.6.5.9 Evidence of approved fuel policy and all other fuel procurement, consumption and distribution records should be adequately filed to facilitate future review.

Management's Response

- 1.6.5.10 *See Exhibit 1*

Auditor General's Position

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

1.6.6 Payment without Evidence of Adequate Supporting Documents

Criteria

- 1.6.6.1 Regulation D.14 of the PFM Act of 2009 as Amended and Restated 2019 states that, "Where in the National Budget or supplementary appropriations, budgetary classifications are made for expenditures of a confidential nature; the details of such classification shall be presented and agreed with the leadership of the Legislature. (2) After agreeing with Leadership of the Legislature, then the summary, subtotal or total shall be shown in the National Budget or added to another figure in the National Budget or the Supplementary Budget."

- 1.6.6.2 Regulation P.9 (2) of the PFM Act of 2009 as Amended and Restated 2019 states that "Payments except for statutory transfers and debt services shall be supported by invoices, bills and other documents in addition to the payment vouchers."

Observation

- 1.6.6.3 During our review, we observed no evidence of adequate supporting documents such as; payment vouchers, invoices, delivery notes, etc. for various expenditures.

Risk

- 1.6.6.4 Payments may be made for goods not delivered or services not performed. Goods delivered or services performed may not meet the approved specifications.
- 1.6.6.5 In the absence of adequate supporting documents, the validity, occurrence, and accuracy of payments may not be assured. This may lead to misappropriation of the entity's funds.
- 1.6.6.6 The absence of adequate supporting documentation for transactions may also lead to fraudulent financial management practices, through the processing and disbursement of illegitimate transactions.
- 1.6.6.7 Management may override the procurement Processes by completing disbursement without utilizing the required procurement methods.

Recommendation

- 1.6.6.8 Management should fully account for expenditure made without adequate supporting documents.
- 1.6.6.9 Going forward, Management should ensure all transactions are supported by the requisite supporting documents consistent with the financial management regulations. Documentation such as contracts, invoices, goods received notes, job completion certificates, purchase orders, payment vouchers etc. should be prepared and approved for the procurement of goods and services where applicable. All relevant supporting records should be adequately documented and filed to facilitate future review.

Management's Response

- 1.6.6.10 *See Exhibit 1*

Auditor General's Position

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

1.6.7 Third-Party Payment made to Employee of the Entity

Criteria

- 1.6.7.1 Regulation B.28 of the PFM Act of 2009 as Amended and Restated 2019 states that "A payment shall be made only to the person or persons named on the payment voucher or to their representatives duly and legally authorized in writing to receive the payment".

Observation

- 1.6.7.2 During our review, we observed that Management made several third-party payments to employees of the entity rather than making direct payment to service providers or their legally authorized representatives. **Please see Table 12 below for details:**

Table 12: Third-party payments made to employees of the entity

Employees Names	Cheq#	Date	position	Description	Amount
Kollie S. Bonah	0003482	10-Jan-23	Chief Accountant	Operational Expenses	2,500
Kollie S. Bonah	00003496	20-Jan-23	Chief Accountant	Operational Expenses	50,000
Joseph Artis	00003497	20-Jan-23	Senior Accountant	Operational Expenses	50,000
Joseph Artis	00003495	20-Jan-23	Senior Accountant	Operational Expenses	50,000
Kollie S. Bonah	00003484	20-Jan-23	Chief Accountant	Operational Expenses	5,000
Kollie S. Bonah	00003492	20-Jan-23	Chief Accountant	Operational Expenses	50,000
J. Matthew Brown	00003494	20-Jan-23	Account. Clerk/Typist	Operational Expenses	47,000
Kollie S. Bonah	00003489	20-Jan-23	Chief Accountant	Operational Expenses	60,000
Leall B. Martin	00003493	20-Jan-23	Expediter	Operational Expenses	55,000

Risk

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

Recommendation

- 1.6.7.5 Management should initiate and complete all procurement Processes as required by the PPCC and the Public Financial Management Act.
- 1.6.7.6 All payments for goods and services procured by the entity should be made directly to the vendor or its legally authorized representative.
- 1.6.7.7 Alternatively, Management should utilize the mobile money platform by transferring funds directly to vendors while maintaining the relevant source and supporting documentations.

Management's Response

1.6.7.8 *See Exhibit 1*

Auditor General's Position

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

1.7 Fixed Assets Management

1.7.1 Irregularities Associated with Fixed Asset Management

Criteria

- 1.7.1.1 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."

Observation

- 1.7.1.2 During our review, we observed the following irregularities associated with the entity's 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.
 - Most fixed assets of the entity were not coded.
 - 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
 - Fixed assets within a given vicinity were not displayed as required by the PFM Act.

Risk

- 1.7.1.3 Fixed Assets may be misstated (Over/understated).
- 1.7.1.4 Fixed Assets may be damaged or impaired but their values are still on the books.
- 1.7.1.5 Fixed Assets may be removed from the entity's premises without authorization, misappropriated, subjected to personal use or theft.
- 1.7.1.6 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.

- 1.7.1.7 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.
- 1.7.1.8 Fixed Assets not coded may be susceptible to theft or diverted to personal use.

Recommendation

- 1.7.1.9 Management should develop, approve and operationalize a fixed asset management policy to regulate fixed assets activities of the entity.
- 1.7.1.10 Management should ensure that the fixed assets register is updated to reflect the following; description, class, code, location, condition, cost, depreciation expense, accumulated depreciation and net book value of the asset.
- 1.7.1.11 Management should initiate/enforce a systematic fixed assets coding system to ensure all fixed assets are uniquely identified. This control will facilitate the efficient and effective periodic fixed asset verification exercises. Discrepancies in coding identified during verification should be updated in a timely manner.
- 1.7.1.12 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.
- 1.7.1.13 The Fixed Assets Register should be updated periodically to reflect all the entity's assets.
- 1.7.1.14 Fixed Assets within a particular vicinity should be clearly displayed as required by the PFM Act.
- 1.7.1.15 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 assets.

Management's Response

- 1.7.1.16 *See Exhibit 1*

Auditor General's Position

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

1.8 Inventory Management

1.8.1 Irregularities Associated with Inventory Management System

Criteria

- 1.8.1.1 Regulation U.7 (2) of the PFM Act of 2009 as amended and restated 2019 requires that notwithstanding sub-regulation (1), a head of Government Agency is responsible for the general management of government inventories held within the Government Agency and for the due performance of the duties of subordinate staff in relation to the government inventories.

Observation

- 1.8.1.2 During our review, we observed the following irregularities associated with the inventory management system:
- No evidence of approved policy to regulate inventory management of the entity.
 - Inventories were not stored in secured custody. The warehouse was not protected by a metallic door.
 - Inventories were not systematically arranged on shelves and comprehensively labelled.
 - No evidence of manual or automated inventory management system comprehensively cataloging the following: goods ordered, goods received, goods requested, goods distributed, current running balance and buffer (minimum request before reordering) inventories/ stationery & supplies level established for each class of inventory/ stationery & supplies.
 - No evidence of periodic physical verification of inventories/stock take.

Risk

- 1.8.1.3 Inventories may be procured, stored, distributed and reported on a discretionary basis in the absence of a policy.
- 1.8.1.4 Inventory may be susceptible to theft if kept in an unsecured custody.
- 1.8.1.5 Inventory may be susceptible to damage or misappropriation if stored in an inappropriate environment.
- 1.8.1.6 Inventory may not be duly accounted for in the absence of a comprehensive inventory management system and non-performance of periodic physical verification.
- 1.8.1.7 Inventory may be misappropriated leading to decline in operational activities.

Recommendation

- 1.8.1.8 Management should develop, approve and operationalize an inventory management policy to regulate inventory management of the entity. The policy should comprehensively catalog provisions for ordering, storing, distributing and recording of inventories/ stationery & supplies and the nature and timing of stock-take/ physical verification of inventories/ stationery and supplies.
- 1.8.1.9 Management should develop and operationalize an automated inventory management system to facilitate and ensure accurate records of inventories such as; purchases, distribution, current stock balance, reordering level, stock-out level etc.
- 1.8.1.10 Inventory should be stored in secured custody/warehouse protected by a metallic door and access granted only to authorized personnel at all times.
- 1.8.1.11 Inventory should be systematically arranged on shelves, comprehensively and systematically labelled to facilitate effective monitoring, evaluation and recording of inventories.
- 1.8.1.12 Management should perform periodic physical verification of inventory and review of systems and records. Appropriate adjustments should be made where applicable.
- 1.8.1.13 Evidence of approved policy, and all other inventory records including records of periodic stock takes, should be adequately documented and filed to facilitate future review.

Management's Response

- 1.8.1.14 *See Exhibit 1*

Auditor General's Position

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

1.9 Receivables Management

1.9.1 Irregularities associated Account Receivables Management

Criteria

- 1.9.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."

Observation

- 1.9.1.2 During our review, we observed the following irregularities associated with receivable management:
- There was no evidence of account receivables management policy,
 - Account receivables were not recorded in a comprehensive, accurate and timely manner,
 - There was no evidence of account receivables aging analysis,

Risk

- 1.9.1.3 Receivables may be accrued, collected and written-off on a discretionary basis. This may lead to the under collection or misstatement of receivables.
- 1.9.1.4 The completeness and accuracy of receivables may not be assured; therefore, the financial statements may be misstated.
- 1.9.1.5 In the absence of a receivables ageing schedule, receivables may not be reliably monitored, evaluated and collected in a timely manner.
- 1.9.1.6 Fair presentation and full disclosures may be impaired when receivables are recorded in the wrong accounting period. Receivable balance and subsequently the financial statements may be misstated.

Recommendation

- 1.9.1.7 Management should develop, approve and operationalize receivables management policy to regulate the recognition, collection, adjustment and management of accounts receivables. The policy should include a specified period for follow-up on debt collection and clearly defined actions to be undertaken at each specified period. The policy should also include provision for adjustment and write-off of accounts receivables consistent with required regulations.
- 1.9.1.8 Account receivables should be recorded in a comprehensive, accurate and timely manner consistent with the financial reporting framework. Revenue/receivable should be recognized upon issuance of invoice and subsequent completion of service (where applicable).
- 1.9.1.9 Receivables should be disclosed in the notes to the financial statements.
- 1.9.1.10 Management should establish receivable aging analysis to monitor the age of receivables and implement the specified actions to be taken based on the age of the debt consistent with the receivables management policy. The schedule should contain the following: names of the receivables, address of the receivables, contacts of receivables, date of recognition, initial invoice, payments, additional invoices, current receivables balance, and age grouping.
- 1.9.1.11 Going forward, Management should ensure that current expected credit loss analyses and the Accounts Receivable Aging Analysis are included in the notes to the financial statements.

These analyses will enable Stakeholders/Users of the financial statements to ascertain the 'trend' relating to collectability, and correct net realizable value of the trade receivables in the statement of financial position.

- 1.9.1.12 Management should periodically analyze account receivables to identify slow moving and or impaired receivables and adjust/write-off consistent with policy. All receivable write-off should be reviewed and approved by the relevant authority before execution.
- 1.9.1.13 Management should perform periodic reconciliation of receivable balances by reconciling accounts receivable ledgers to customers' statements, receivable confirmation, and the receivable aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

Management's Response

- 1.9.1.14 *See Exhibit 1*

Auditor General's Position

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

1.10 Payable Management

1.10.1 Irregularities associated Payable Management

Criteria

- 1.10.1.1 Regulation A.3 (1) of the PFM Act of 2009 as amended and restated 2019 states that, "Any public officer concerned with the conduct of financial matters of the Government of Liberia, or the receipt, custody and disbursement of public and trust moneys, or for the custody, care and use of government stores and inventories shall keep books of accounts and proper records of all transactions and shall produce the books of accounts and records of the transactions for inspection when called upon to do so by the Auditor-General, the Comptroller General, the relevant internal Auditor or any officers authorized by them, by the Minister."
- 1.10.1.2 PFM Regulations O.1(Paragraph 3) of the PFM Act of 2009 as amended and restated 2019 requires that head of government agency shall ensure that all persons liable to pay revenue are informed of bills, demand notes and other appropriate notices, of debts which are due and that adequate measures are taken to obtain payment.
- 1.10.1.3 Furthermore, Regulations O.21 (Paragraph 1-3) of the PFM Act of 2009 as amended and restated 2019 requires that Government Agency revenue collectors shall keep records of moneys collected in such form as the Comptroller-General may determine and for such periods consistent with the provisions of Regulation 12. The records shall show the persons

from whom revenue is due, description of liability, the amount payable, the date, location, receipt number and amount of the collections made. The records shall, wherever possible, be self-balancing and shall be reconciled with the cash collections monthly.

Observation

1.10.1.4 During our review, we observed the following irregularities associated with payable management:

- There was no evidence of account payable management policy,
- Account payable were not recorded in a comprehensive, accurate and timely manner,
- There was no evidence of account payable aging analysis,
- There was no evidence of periodic review of significantly overdue payable.

Risk

1.10.1.5 Payables may be incurred, paid and written-off on a discretionary basis. This may lead to the over payment or misstatement of payables.

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

1.10.1.7 In the absence of a payables ageing schedule, payables may not be reliably monitored, evaluated and disbursed in a timely manner.

1.10.1.8 Fair presentation and full disclosures may be impaired when payables are recorded in the wrong accounting period. Payables balance and subsequently the financial statements may be misstated.

Recommendation

1.10.1.9 Management should develop, approve and operationalize payables management policy to regulate the recognition, disbursement, adjustment and management of accounts payables. The policy should include a specified period for follow-up on credit payments and clearly defined actions to be undertaken for prioritizing payments. The policy should also include provision for adjustment and write-off of accounts payables consistent with required regulations.

1.10.1.10 Account payables should be recorded in a comprehensive, accurate and timely manner consistent with the financial reporting framework. Payables should be recognized upon receipt of invoice and subsequent receipts of goods or service. For entity using IPSAS Cash Basis, payables should be disclosed in the notes to the financial statements.

1.10.1.11 Management should establish payables aging analysis to monitor the age of payables and implement the specified actions to be taken based on the age of the credits consistent with the payables management policy. The schedule should contain the following: names of the payees, address of the payees, contacts of payees, date of recognition, initial invoice, payments, additional invoices, current payables balance, and age grouping.

1.10.1.12 Management should periodically analyze account payables to identify overdue payables and adjust/write-off consistent with policy. All payables write-off should be reviewed and approved by the relevant authority before execution.

1.10.1.13 Management should perform periodic reconciliation of payables balances by reconciling accounts payables ledgers to vendors' statements, payables confirmation, and the payables aging analysis. Variances identified should be investigated and adjusted where applicable in a timely manner.

Management's Response

1.10.1.14 *See Exhibit 1*

Auditor General's Position

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

1.11 Assurance Management

1.11.1 No Functional Internal Review Unit

Criteria

1.11.1.1 Regulation J-3 (1) of the PFM Act of 2009 as amended and restated 2019 requires that "There shall be established in each government agency or government organization an internal review unit which shall constitute a part of that institution".

Observation

1.11.1.2 During our review, we observed that the Internal Review Unit was not functional evidenced by the absence of periodic risks assessment, internal reviews and follow-up on the implementation of internal and external review recommendations.

Risk

1.11.1.3 The absence of a functional Internal Review Unit may deny assurance that risks are appropriately identified and mitigated.

1.11.1.4 Systems, controls and compliance activities may not be monitored, thereby impairing the achievement of the entity's objectives.

1.11.1.5 External review recommendations may not be implemented in a timely manner.

Recommendation

1.11.1.6 Management should establish a functional Internal Review Unit to provide independent assurance on the effectiveness of the entity's risk management, governance and internal control Processes.

- 1.11.1.7 Management should ensure that the Internal Review Unit is made fully functional evidenced by the conduct of periodic risk assessments, internal reviews and implementation of internal and external review recommendations.
- 1.11.1.8 Periodic risk assessments and internal review reports as well as evidence of implementation of internal and external review recommendations should be adequately documented and filed to facilitate future review.

Management's Response

- 1.11.1.9 *See Exhibit 1*

Auditor General's Position

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

1.11.2 No Evidence of Approved Internal Review Charter

Criteria

- 1.11.2.1 Part J 1(10) of the PFM Regulations states that "To enhance enforcement of powers and provide the Internal Review Governance Board with a regulatory operational framework, a Public Sector Internal Review Charter shall be provided to encompass internal review mandate, functions and powers of the Internal Review Governance Board".
- 1.11.2.2 The International Standards for Professional Practice of Internal Reviewing Paragraph 1100 states that "the internal review activity maintained by agencies and ministries must be independent, and internal Auditors must be objective in performing their work."
- 1.11.2.3 Regulation J.3 (4b) of the PFM Act of 2009 as amended and restated 2019 states: "(4) Subject to the Public Finance Management Act 2009 or any other enactment, an internal review unit established under sub regulation (1): shall carry out internal review of its institution and shall submit reports on the internal review it carries out in accordance with section 38 (3) and (4) of the Public Finance Management Act 2009; the Internal Review Governance Board standards and procedures; the Government Agency or Government Organization's accounting and reviewing instructions; and International Public Sector Accounting Standards, International Organization of Supreme Review Institutions (INTOSAI) Standards, and Institute of Internal Auditors Standards as adopted by the Government of Liberia;"

Observation

- 1.11.2.4 During our review, we observed no evidence of an approved internal review charter by the relevant authority (Review Committee) to enhance the independence of the internal Auditors at the entity.

Risk

- 1.11.2.5 In the absence of an approved internal review charter, the independence, objectivity and activities of the Unit may be impaired.

Recommendation

- 1.11.2.6 Management should develop an Internal Review Charter and submit same to the Review Committee for subsequent audit and approval.
- 1.11.2.7 Subsequently, Management should ensure that the Internal Review Charter is operationalized to enhance the independence, objectivity and activities of the internal review function. Evidence of the approved internal review charter should be adequately documented and filed to facilitate future review.

Management's Response

- 1.11.2.8 *See Exhibit 1*

Auditor General's Position

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

1.11.3 No Evidence of Approved Internal Review Plan

Criteria

- 1.11.3.1 Section 1110 of the International Standards for the Professional Practice of Internal Reviewing (Standards) states that "Organizational independence is effectively achieved when the chief review executive reports functionally to the board. Examples of functional reporting to the board involve the board:
- Approving the internal review charter.
 - Approving the risk based internal review plan.
 - Approving the internal review budget and resource plan.
 - Receiving communications from the chief review executive on the internal review activity's performance relative to its plan and other matters.
 - Approving decisions regarding the appointment and removal of the chief review executive.
 - Approving the remuneration of the chief review executive.
 - Making appropriate inquiries of management and the chief review executive to determine whether there are inappropriate scope or resource limitations".

Observation

- 1.11.3.2 During our review, we observed no evidence of an approved internal review plan that comprehensively cataloged planned activities of the internal review unit on an annual basis.

Risk

- 1.11.3.3 Risk assessment activities and periodic internal reviews may not be effectively planned for

and implemented in a timely manner. This may impair the achievement of the internal review unit objectives.

- 1.11.3.4 Internal and external review recommendations may not be follow-up on and implemented in a timely manner.

Recommendation

- 1.11.3.5 The Internal Review Manager should facilitate the preparation of a comprehensive annual internal review plan cataloging planned activities of the internal review function. These activities should include periodic risk assessment, internal reviews of selected management functions, and a schedule for follow-up on the implementation of internal and external review recommendations. The annual internal review plan should be submitted to the Review Committee for approval and subsequently operationalized.

Management's Response

- 1.11.3.6 *See Exhibit 1*

Auditor General's Position

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

1.11.4 No Risk Management Policy and Report

Criteria

- 1.11.4.1 Paragraph 17 of the Internal Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) indicates that in most cases, the board of head of public entity is ultimately responsible for determining whether management has implemented effective internal control including monitoring. The institution makes this assessment by (a) understanding the risks the organization faces and (b) Gaining an understanding of how senior management manages or mitigates those risk that are meaningful to the organization objectives. Obtaining this understanding includes determining how management supports its beliefs about the effectiveness of the internal control system in those areas.

Observations

- 1.11.4.2 During our review, we observed no evidence that Management had developed a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.

Risk

- 1.11.4.3 The absence of a risk management policy may lead to management not being aware of potential risks that may impair the achievement of the entity's objectives.
- 1.11.4.4 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

- 1.11.4.5 Management should develop, approve, and operationalize a risk management policy to guide internal and external risks that may impair the achievement of the entity's objectives.
- 1.11.4.6 Evidence of periodic risk assessment should be adequately documented and filed to facilitate future review.

Management's Response

- 1.11.4.7 *See Exhibit 1*

Auditor General's Position

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

1.11.5 Lack of Proper Archives System

Criteria

- 1.11.5.1 Regulation V.1 (3) of the PFM Act of 2009 as amended and restated 2019 states that the head of Government Agency must ensure that Processes (whether manual or electronic and procedures are in place for the effective, efficient, economic and transparent use of the assets of the institution. In addition, Regulation V.1.2. (a) of the PFM Act of 2009 as amended and restated 2019 (Responsibility of Assets Management) states that "The Head of Government Agency must take full responsibility of assets assigned to him by the General Services Agency and ensure that proper control systems exist for assets and that: Preventive mechanisms are in place to eliminate theft, losses, wastage and misuse".

Observation

- 1.11.5.2 During our review, we observed that Management did not maintain adequate storage of financial management records. Several records were not properly placed in cup boards, cabinets and on shelves in the record room.

Risk

- 1.11.5.3 Failure to properly secure records may impair Management retention of significant administrative and financial documentations.
- 1.11.5.4 Relevant documentation may not be available to facilitate future review and / review exercises.

Recommendation

- 1.11.5.5 Management should facilitate the maintenance of comprehensive records of all the entity's transactions. Manual copies of all records should be adequately documented and filed to facilitate future review.

- 1.11.5.6 Management should facilitate the operationalization of the electronic document management system by ensuring all relevant source and supporting documents are scanned, attached to the transactions (in the accounting software for financial transactions), archived and maintained to facilitate future review.

Management's Response

- 1.11.5.7 *See Exhibit 1*

Auditor General's Position

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

1.11.6 IT Management System

- 1.11.6.1 The Information Technology (IT) internal controls are critical mechanisms that ensure the integrity and security of an entity information systems. They are designed to protect assets, ensure data accuracy, and promote operational efficiency. IT internal controls encompass a range of practices, from simple password protections to complex governance and risk compliance frameworks. The implementation of IT controls is guided by various standards and frameworks, such as COBIT, COSO, ITIL, ISO 27001, and ISO 9000, which provide structured approaches to managing IT risks. With the increasing reliance on digital infrastructure, the importance of robust IT internal controls cannot be overstated. They serve as a defense against cyber threats, safeguard sensitive information, and support compliance with regulatory requirements. As technology evolves, so does the landscape of IT internal controls, with automation and continuous monitoring becoming integral components of a proactive IT governance strategy.
- 1.11.6.2 The assessment of the Liberian Senate's IT infrastructure is a crucial step towards modernizing and securing legislative Processes. the below listed comprehensive approach of the internal controls together will strengthen the IT infrastructure of the Liberian Senate. The component of IT internal controls are:
- IT governance is essential for aligning IT strategies with organizational goals, ensuring resources are used responsibly, and managing risks appropriately;
 - Security management is another critical area, involving the protection of data against unauthorized access and cyber threats;
 - Program change management ensures that any alterations to IT programs are systematically implemented to minimize disruptions;
 - Physical access control is necessary to prevent unauthorized personnel from accessing sensitive areas;
 - Environmental control helps protect hardware from damage due to environmental factors;

- IT service continuity planning is vital for maintaining operations in the event of a disaster, disruption or an incident;
- Logical Access Control (LAC) is a critical aspect of computer security, ensuring that access to systems, networks, and data is restricted to authorized users. It encompasses a range of security measures, including authentication, authorization, and reviewing.

1.11.7 IT Governance

Criteria

- 1.11.7.1 EDM01.01 of COBIT 2019 states that; Evaluate the governance system. Continually identify and engage with the enterprise's stakeholders, document an understanding of the requirements, and evaluate the current and future design of governance of enterprise I&T.
- 1.11.7.2 EDM01.02 of COBIT 2019 states that; Direct the governance system. Inform leaders on I&T governance principles and obtain their support, buy-in and commitment. Guide the structures, Processes and practices for the governance of I&T in line with the agreed governance principles, decision-making models and authority levels. Define the information required for informed decision making.
- 1.11.7.3 EDM01.03 of COBIT 2019 states that; Monitor the governance system. Monitor the effectiveness and performance of the enterprise's governance of I&T. Assess whether the governance system and implemented mechanisms (including structures, principles and Processes) are operating effectively and provide appropriate oversight of I&T to enable value creation.

Observation

- 1.11.7.4 During our review, we observed no evidence of a functional IT Governance to guide the structures, Processes and practices as well as provide oversight of the IT strategic goals, objectives and activities of the entity. Evidenced by the nonexistence of the following;
- IT Strategic Committee
 - IT Strategic Plan
 - IT Steering Committee
 - Organogram
 - Training Program and
 - Service Level Agreement

Risk

- 1.11.7.5 Failure to constitute the above mention IT governance structure may cause misalignment between IT initiatives and the organization's strategic goals, leading to inefficient resource allocation and potentially jeopardizing the achievement of business objectives.

Recommendation

- 1.11.7.6 The Management of the Liberian senate should prioritize the development of a well-defined IT governance that aligns with their strategic vision and facilitates the achievement of long-term goals. The establishment of a robust IT governance framework will ensure that IT investments align with the nation's strategic objectives, enhancing transparency, accountability, and efficiency.

Management's Response

- 1.11.7.7 *See Exhibit 1*

Auditor General's Position

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

1.11.8 Security Management

Criteria

- 1.11.8.1 DSS05 of COBIT-2019 states that: Protect enterprise information to maintain the level of information security risk acceptable to the enterprise in accordance with the security policy. Establish and maintain information security roles and access privileges. Perform security monitoring.

Observation

- 1.11.8.2 During our review, we observed no evidence of an IT security management to govern the IT Environment, Evidenced by the nonexistence of:
- Approved IT Security Policy
 - Installed, license, unexpired and updated Antivirus Program
 - Patch Management Process

Risk

- 1.11.8.3 The absence of IT Security management in an organization may lead to operational disruptions, legal ramifications, and financial loss. Without proper cybersecurity measures, organizations are vulnerable to cyberattacks that may result in the theft or corruption of sensitive data, leading to operational downtime and loss of productivity.

Recommendation

- 1.11.8.4 Management should establish and operationalize an IT Security Management to protect the organization assets and ensure the confidentiality, integrity, and availability of data. This process would involve implementing various security measures to guard against unauthorized access, cyberattacks, and other potential security breaches that could lead to data loss or damage.

- 1.11.8.5 Effective IT Security Management helps maintain the trust of stakeholders, protects the organization's reputation, and ensures compliance with regulatory requirements. It also plays a vital role in safeguarding the privacy of clients and employees, thus maintaining the overall security posture of an organization in the face of evolving digital threats.

Management's Response

- 1.11.8.6 *See Exhibit 1*

Auditor General's Position

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

1.11.9 Program Change Management

Criteria

- 1.11.9.1 BAI06.01 of COBIT-2019 states: Evaluate, prioritize and authorize change requests. Evaluate all requests for change to determine the impact on business Processes and I&T services, and to assess whether change will adversely affect the operational environment and introduce unacceptable risk. Ensure that changes are logged, prioritized, categorized, assessed, authorized, planned and scheduled.

Observation

- 1.11.9.2 During our review, we observed no evidence of program change management to safely implement IT solutions in line with the agreed expectations and outcomes of change management Processes; evidenced by the non-existence of:
- Documentation and approval Processes to upgrades made to applications/ systems.
 - Formal change request documentation completed indicating the change to be made and the reasons for changes to an application/ system.
 - Ensure that programmers have access to the test environment only, not the live or production environments.

Risk

- 1.11.9.3 The absence of a structured program change management process may lead to significant risks, including the potential for unauthorized changes and the lack of traceability for modifications made to systems or applications.

Recommendation

- 1.11.9.4 Management should develop and operationalize a robust change management program which includes comprehensive documentation and approval Processes for upgrades, patches, and reviewed before implementation.
- 1.11.9.5 Implementing these steps can help in aligning changes with organizational policy and maintaining the integrity of the IT infrastructure.

Management's Response

1.11.9.6 *See Exhibit 1*

Auditor General's Position

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

1.11.10 Physical Access Control

Criteria

1.11.10.1 DSS05.05 of COBIT-2019 states, Manage physical access to I&T assets. Define and implement procedures (including emergency procedures) to grant, limit and revoke access to premises, buildings and areas, according to business need. Access to premises, buildings and areas should be justified, authorized, logged and monitored. This requirement applies to all persons entering the premises, including staff, temporary staff, clients, vendors, visitors or any other third party.

Observation

1.11.10.2 During our review, we observed no evidence of physical access controls to protect IT assets, evidence by the non-existence of:

- Establishment of policy that cover physical access to IT Environments
- Control of access to sensitive area, such as computer room, operations, storage rooms, network rooms etc.
- Control of physical access after hours

Risk

1.11.10.3 The absence of physical access control may lead to unauthorized entry, theft, vandalism, or even compromise of sensitive information.

Recommendation

1.11.10.4 Management should develop and operationalize a physical access control policy to protect IT assets.

Management's Response

1.11.10.5 *See Exhibit 1*

Auditor General's Position

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

1.11.11 Environmental Control

Criteria

- 1.11.11.1 DSS01.04 of COBIT-2019 states, Manage the environment. Maintain measures for protection against environmental factors. Install specialized equipment and devices to monitor and control the environment. Identify how I&T equipment, including mobile and off-site equipment, is protected against environmental threats. Ensure that the policy limits or excludes eating, drinking and smoking in sensitive areas, and prohibits storage of stationery and other supplies that pose a fire hazard within computer rooms.

Observation

- 1.11.11.2 During our review, we observed no evidence of an IT Environmental control, evidence by the non-existence of:
- Environmental control policy
 - Fire suppression systems (not available the at the old annex of the Senate Building)
 - Fire extinguishers (not available at the old annex of the Senate Building)
 - Uninterrupted Power Supply (UPS)

Risk

- 1.11.11.3 The absence of robust IT environmental controls may lead to environmental hazards, potentially disrupting operations and damaging valuable IT assets.

Recommendation

- 1.11.11.4 Management should develop, approve and operationalize an environmental control policy and put in place suppression systems and fire extinguishers to protect against potential fire hazards.
- 1.11.11.5 Uninterrupted Power Supplies (UPS) and generators are also essential for maintaining power stability and ensuring that critical systems remain operational during outages.
- 1.11.11.6 Implementing these controls can help mitigate risks and safeguard the IT infrastructure from environmental threats.

Management's Response

- 1.11.11.7 *See Exhibit 1*

Auditor General's Position

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

1.11.12 Logical Access Control

Criteria

- 1.11.12.1 DSS05.04 of COBIT 2019 states that Manage user identity and logical access. Ensure that all users have information access rights in accordance with business requirements. Coordinate with business units that manage their own access rights within business Processes. Maintain user access rights in accordance with business function, process requirements and security policies. Align the management of identities and access rights to the defined roles and responsibilities, based on least-privilege, need-to-have and need-to-know principles.

Observation

- 1.11.12.2 During our review, we observed no evidence of a logical access control to protect the entity's assets (application, servers, and database) from unauthorized users; evidenced by the non-existence of:
- User policy
 - Review of user access rights
 - Unique user name and password
 - Password length and expiration

Risk

- 1.11.12.3 The absence of a logical access control may lead to unauthorized access, errors, fraud, and breach of confidentiality, integrity, and unavailability of data.

Recommendation

- 1.11.12.4 Management should develop, approve and operationalize logical access control policy (user policy) to protect the confidentiality, integrity, and availability of data against unauthorized use.

Management's Response

- 1.11.12.5 *See Exhibit 1*

Auditor General's Position

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

1.11.13 IT Service Continuity

Criteria

- 1.11.13.1 DSS04.03 of COBIT 2019 state that "provides for entities to develop a business continuity plan (BCP) based on the strategy that documents the procedures and information in readiness for use in an incident to enable the enterprise to continue its critical activities."

1.11.13.2 DSS04.02 of COBIT 2019 state that "Evaluate business resilience options and choose a cost-effective and viable strategy that will ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption."

1.11.13.3 APO01.05 Establish roles and responsibilities. Define and communicate roles and responsibilities for enterprise I&T, including authority levels, responsibilities and accountability.

Observation

1.11.13.4 During our review, we observed no evidence of IT Service Continuity plan to ensure enterprise continuity, disaster recovery and incident response in the face of a disaster or other major incident or disruption, evidence by the non-existence of:

- A disaster recovery plan
- On and off-site storage of IT continuity plan and disaster recovery plan
- Implementation of backup and retention strategy
- Perform verify and check backup for successful completion
- Secure storage of off-site backup facility

Risk

1.11.13.5 The lack of an IT Service Continuity plan may lead to inadequate response disruption or disaster and lack of resilience.

Recommendation

1.11.13.6 Management should develop, approve and operationalize an IT Service Continuity plan to strengthen the entity IT infrastructure and adequately response disaster.

Management's Response


1.11.13.7 *See Exhibit 1*

Auditor General's Position

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

EXHIBIT 1

RECEIVED
JUN 05 2024
BY: [Signature]


THE LIBERIAN SENATE
Capitol Building, Capitol Hill
Republic of Liberia

Office of the President Pro Tempore
Liberian Senate
Capitol Building, Capitol Hill

SEN/ PPT/ NKL/ 041/ 2024

Hon. P. Garswa Jackson
Auditor General,
General Auditing Commission
Ashmun Street
Monrovia Liberia

RECEIVED
JUN 05 2024
BY: P. A. Garswa

June 4, 2024

SEEN
[Signature] 06/06/24

Dear Hon. Jackson:

Ref: Response to system review of the financial management of the Liberian Senate.

This is to present compliments and herein acknowledge receipt of Management Letter on the System Review of the Financial Management and Processes of the Liberian Senate.

The system review which was conducted in accordance with your mandate provided a comprehensive review of areas such as governance, budget management, financial reporting, personnel management, cash management, procurement management, fixed asset management, inventory management, revenue management, receivable management, payable management, and assurance management.

The details in the report highlight significant findings and offer recommendations to improve governance, financial reporting, performance and accountability of the Liberian Senate.

In light of the findings and recommendations from the Auditing Commission, the Liberian Senate will adopt series of financial policies, procedures, and internal controls that are essential to enhance transparency, accountability, and the overall effectiveness of our financial and governance operations.

In conclusion thereof, the Senate will work with the GAC, and other relevant financial institutions to develop a financial management system and procedure that can easily be audited congruent to the PFM law of Liberia. As it stands, this report is based on a non-systematic financial regime spelt out in the report and as such its findings do not also conform to a breach of any system that was not followed at the Legislature.

We look forward to working with you at the upcoming Senate Retreat to begin this process.

Best regards.

Sincerely,



Nyonblee Karnag-Lawrence
President Pro Tempore