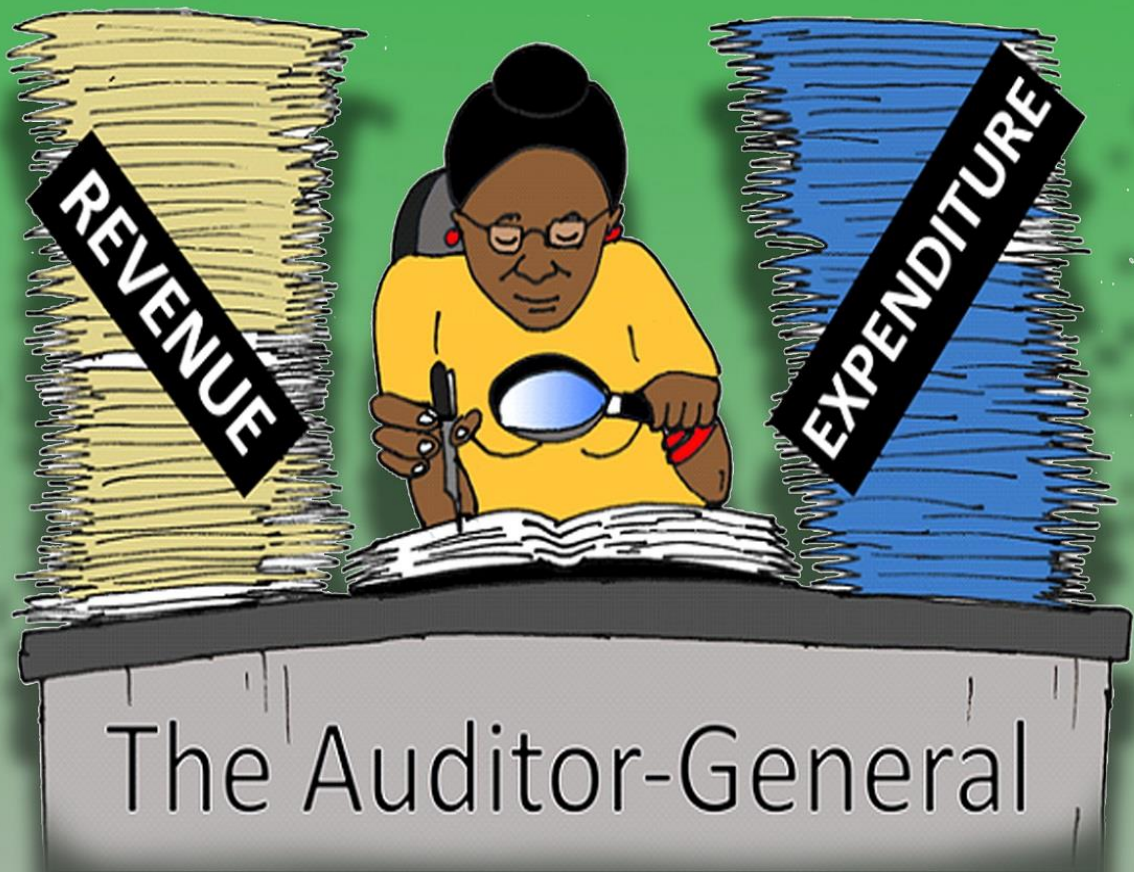




A Graphic Representation and Summary of the Auditor-General's 2016 Annual Report



Illustrated by Ahmed Sahid Nasralla (De Monk)

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Acronyms

FCC- Freetown City Council

NASSIT- National Social Security and Insurance Trust

PE- Public Enterprise

CRFA- Consolidated Revenue Fund Account

MDAs- Ministries Departments and Agencies

SLRA- Sierra Leone Roads Authority

EPA- Environmental Protection Agency

ASSL- Audit Service Sierra Leone

SAI- Supreme Audit Institution

IFMIS- Integrated Financial Management Information System

IDA- International Development Association

NRA- National Revenue Authority

PFM- Public Financial Management

PAC- Public Accounts Committee

Foreword

It gives me great pleasure to share with you the Graphic Representation and Summary of the Auditor-General's 2016 Annual Report which helps to promote transparency and accountability in our country.

My office has been very much delighted over the years with the extent to which the general public has shown keen interest in the work of the Auditor-General. In response to this great concern shown by the public, my office with support from the European Union State Building Contract Technical Assistance Project (EU SBC TAP) has produced graphic representation and summaries of the Auditor-General's annual report for the past two years (2014 and 2015). We are very much pleased that the general public has been able to read and fully grasp the important issues in these reports, even though they are sometimes challenged with a few technical terms and information found in these reports.

This year, we have been able to produce the Graphic Representation and Summary of the Auditor-General's 2016 Annual Report with the help of a World Bank consultant who trained our staff to jointly produce this report.

It is the right of every Sierra Leonean to know, in simple terms, the way government operates; especially how it utilises public funds to provide her citizens with basic but essential services. This is what the Auditor-General's annual reports have been bringing out. And now, we have decided to go further by providing them with a graphic representation and summary of every annual report.

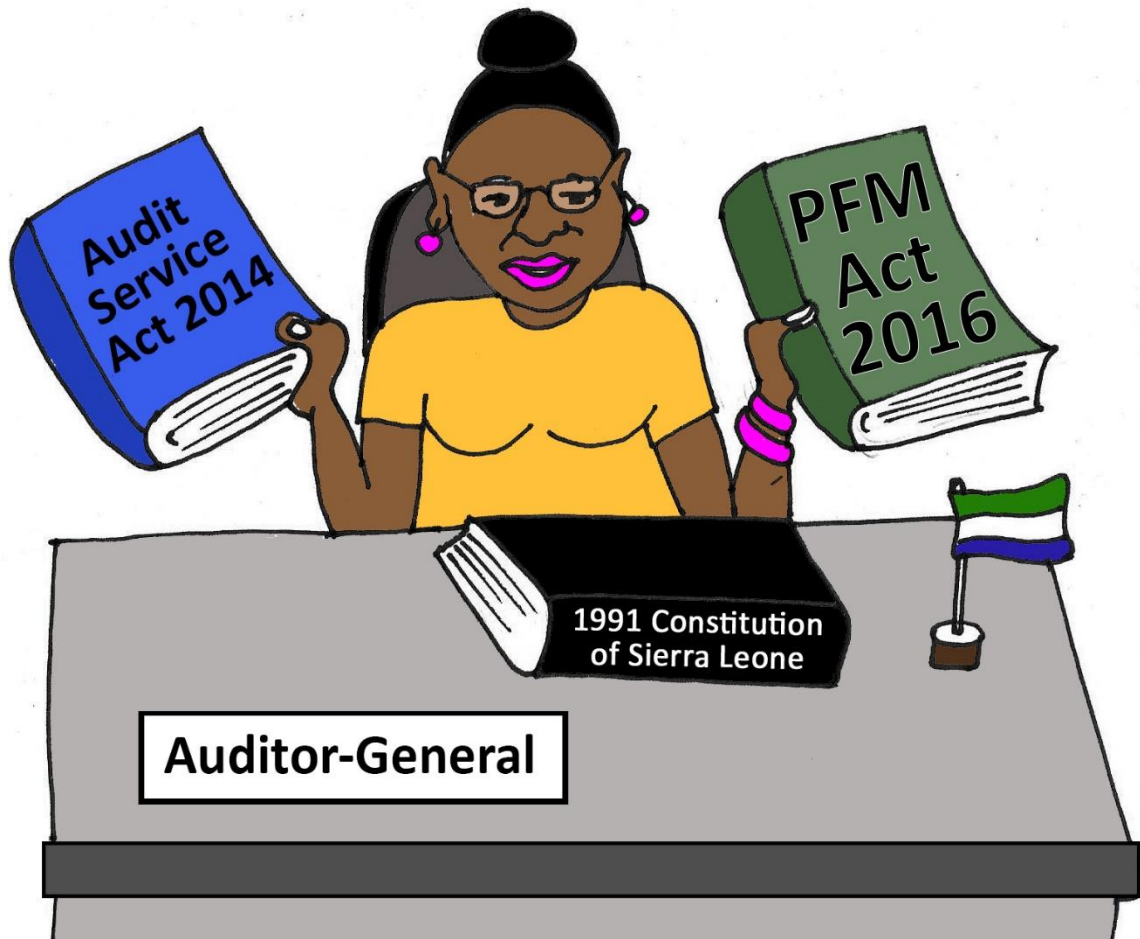
This summarised form of the Auditor-General's 2016 annual report would help create the required impact on the minds of our stakeholders. It would help them to fully understand the mandates and corporate objectives of the Auditor-General as it accurately communicates the key messages of the 2016 report with coloured graphics, cartoons and pictorial illustrations with fewer words.

I would like to take this opportunity to thank the World Bank for providing us with a consultant who trained our staff in producing graphic representation and summaries of the Auditor-General's reports. I also would like to thank my staff who worked with the consultant over the last few months to produce this document.



Lara Taylor-Pearce (Mrs.) FCCA FCA (SL)
Auditor-General of Sierra Leone

MANDATES of the Auditor-General



Section 119 of the 1991 Constitution of Sierra Leone

The 1991 Constitution gives the Auditor-General the mandate to audit (check) how public monies are being utilised.

Audit Service Act 2014

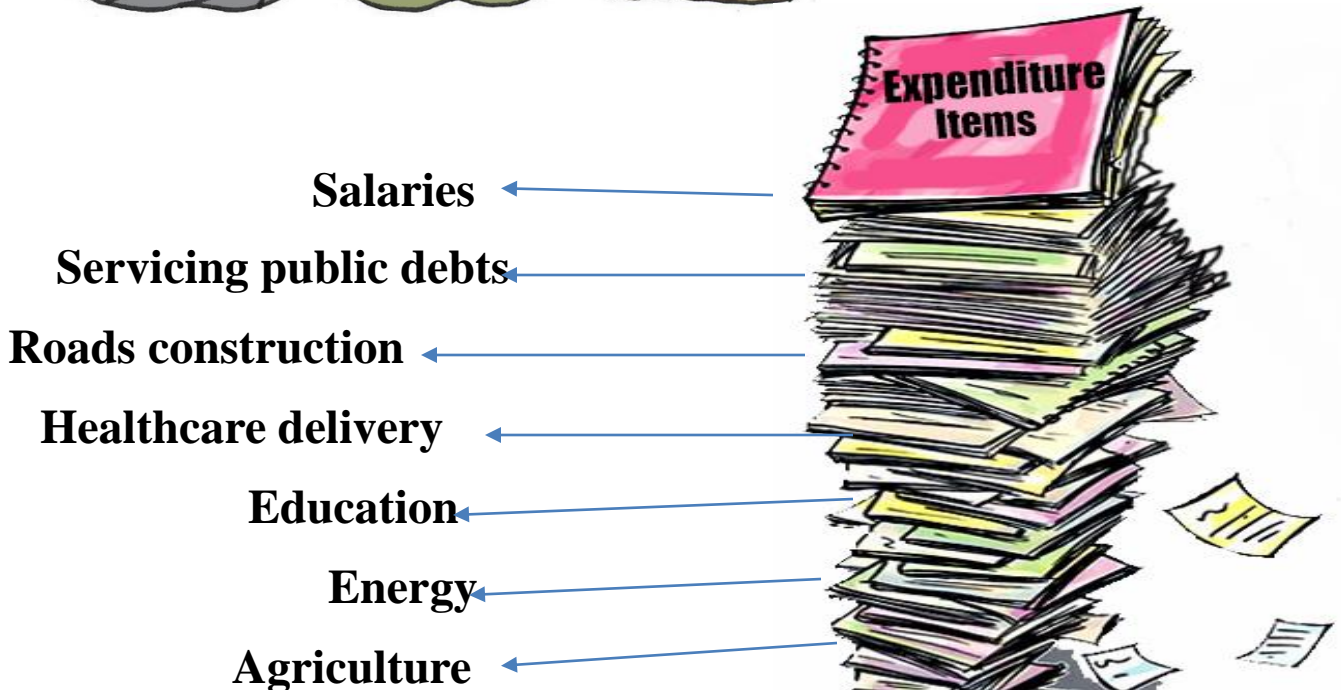
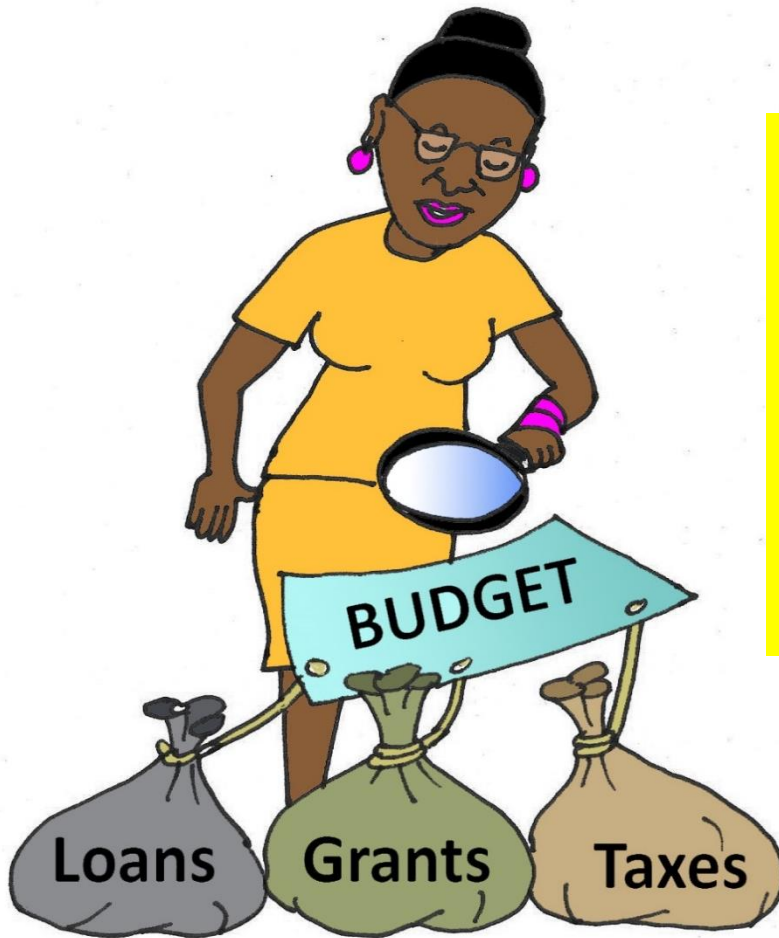
The Auditor-General shall access documents and records of public entities and has the power to call witnesses in instances of doubt in checking the books of all public institutions.

Section 16 of the Public Financial Management (PFM) Act 2016

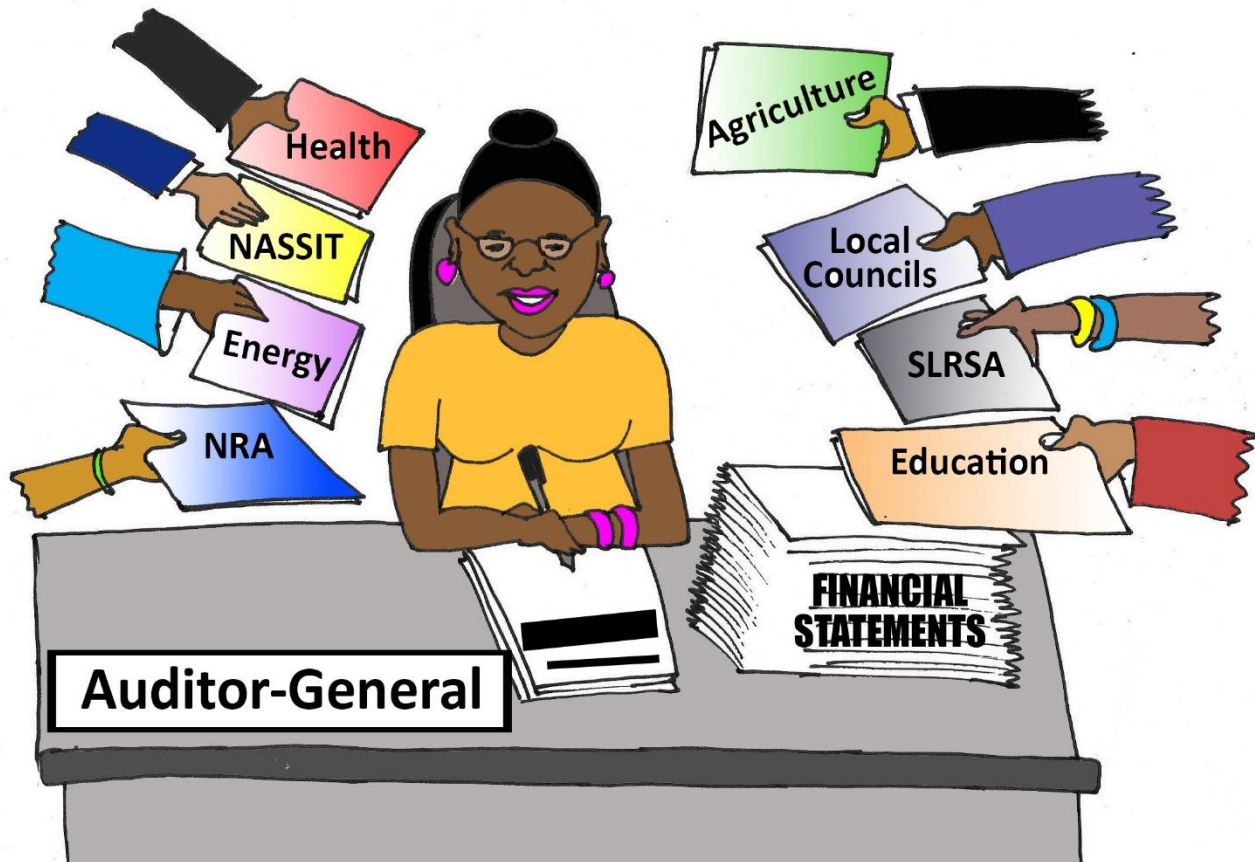
The Auditor-General shall audit the accounts and financial statements of the Consolidated Revenue Fund Account, Central Government, budgetary agencies, subvented agencies, local councils, social security funds and public enterprises.

ROLE of the Auditor-General

As the guardian of public funds, the Auditor-General checks government's performance to ensure that funds are used for their intended purposes.



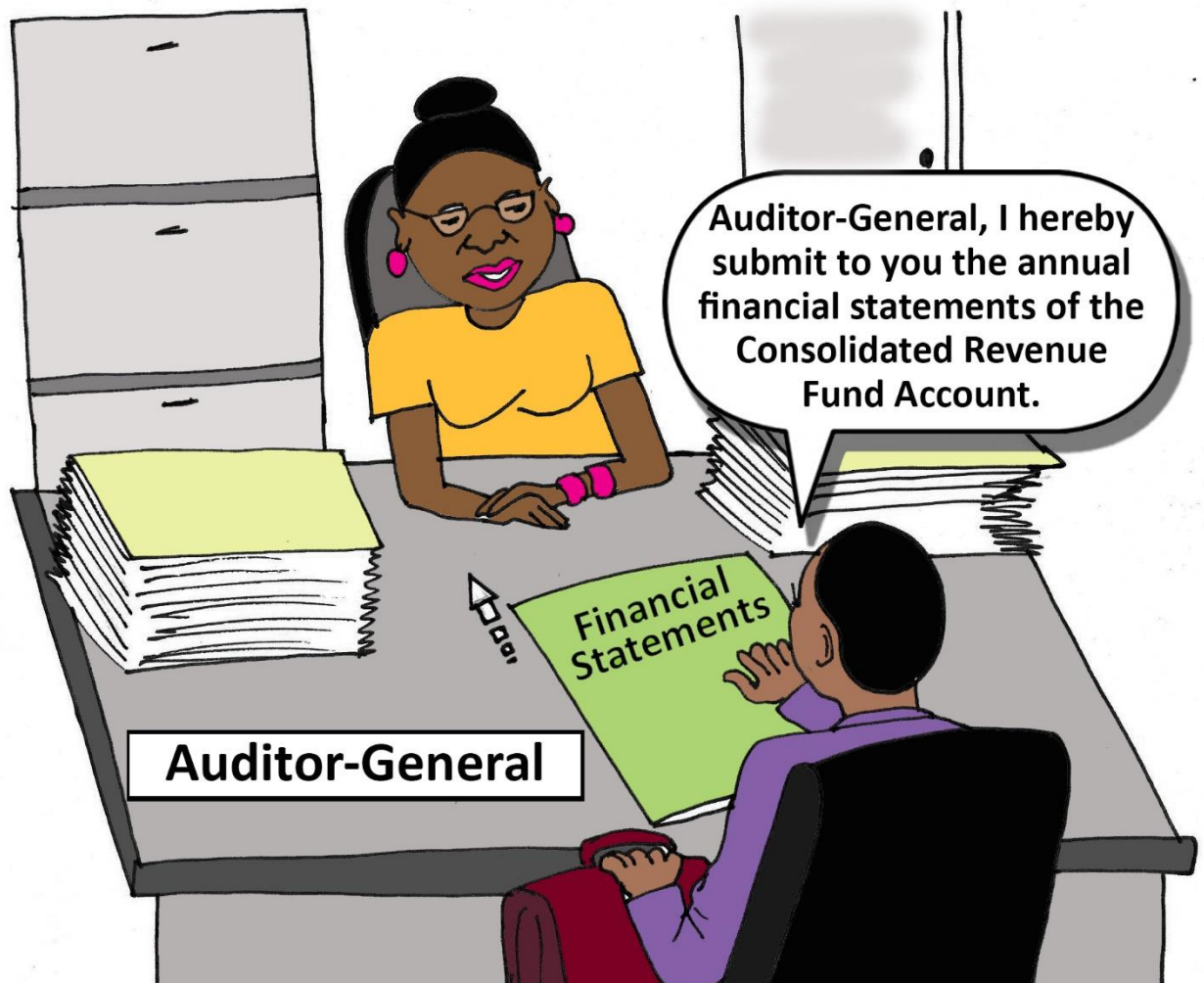
The Auditor-General and Entities of Government



Three months after the end of the financial year, MDAs should submit to the Auditor-General their annual financial statements.

(Section 86 of the PFM Act, 2016).

The Auditor-General and Accountant General



Not later than three months after the end of the financial year, the Accountant General shall draw up and sign the annual **financial statements** of the **Consolidated Revenue Fund Account**.

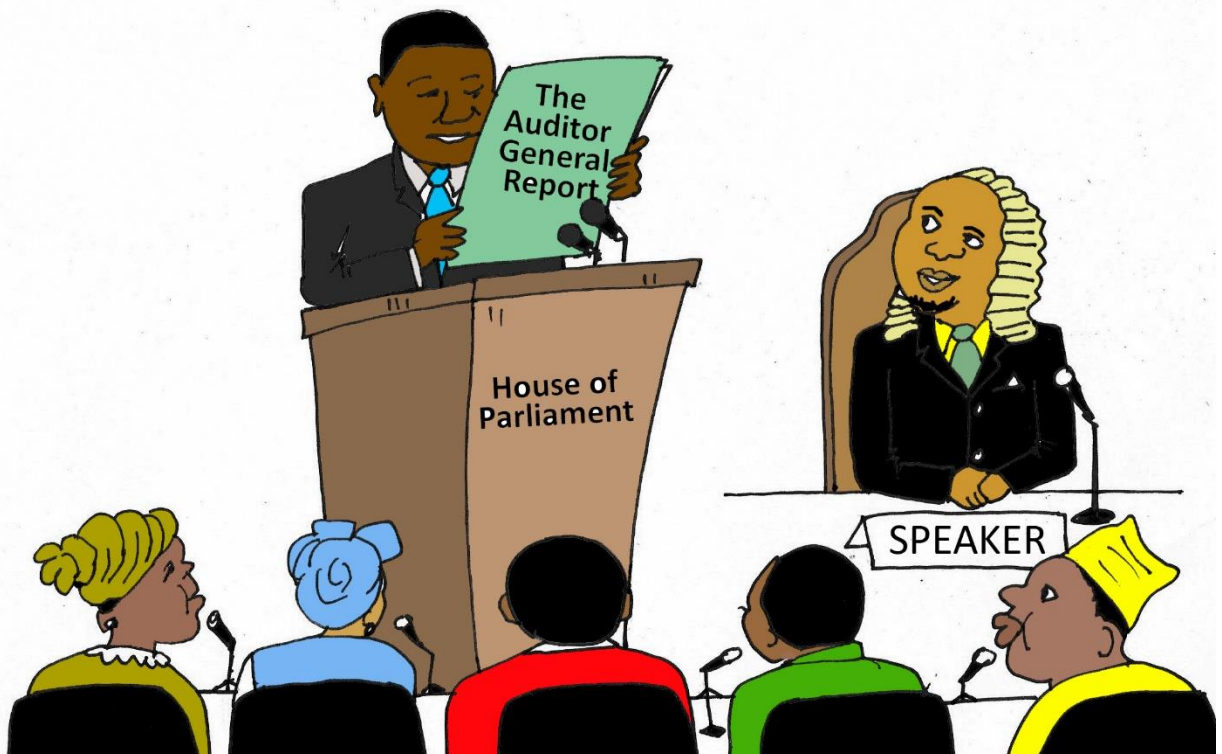
(Section 87 of the PFM Act, 2016).

The Auditor-General and Parliament



The Auditor-General should, within 12 months of the end of the immediate preceding financial year, submit his/her annual report to Parliament.

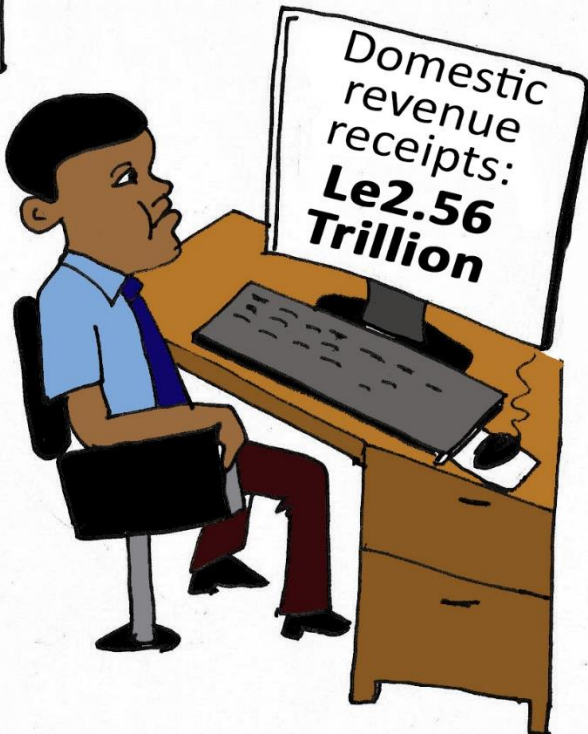
(Section 95 of the PFM Act, 2016).



Domestic Revenue

NRA

2015...

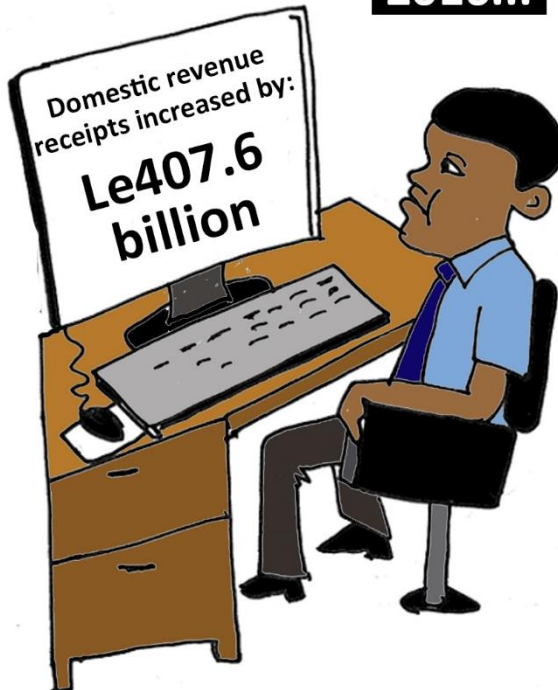


Domestic revenue receipts increased by Le407.6 billion (which is about 16%) over domestic revenue receipts in 2015 financial year.

However, the lack of regular reconciliations between the National Revenue Authority (NRA), the transit bank accounts and the Bank of Sierra Leone remains a challenge.

2016...

NRA



Public Debt



There's a difference between Public Debt disclosed in the financial statement of the Consolidated Revenue Fund Account and debt balances confirmed by creditors.



Source: Page 5 of the Auditor-General's Report 2016

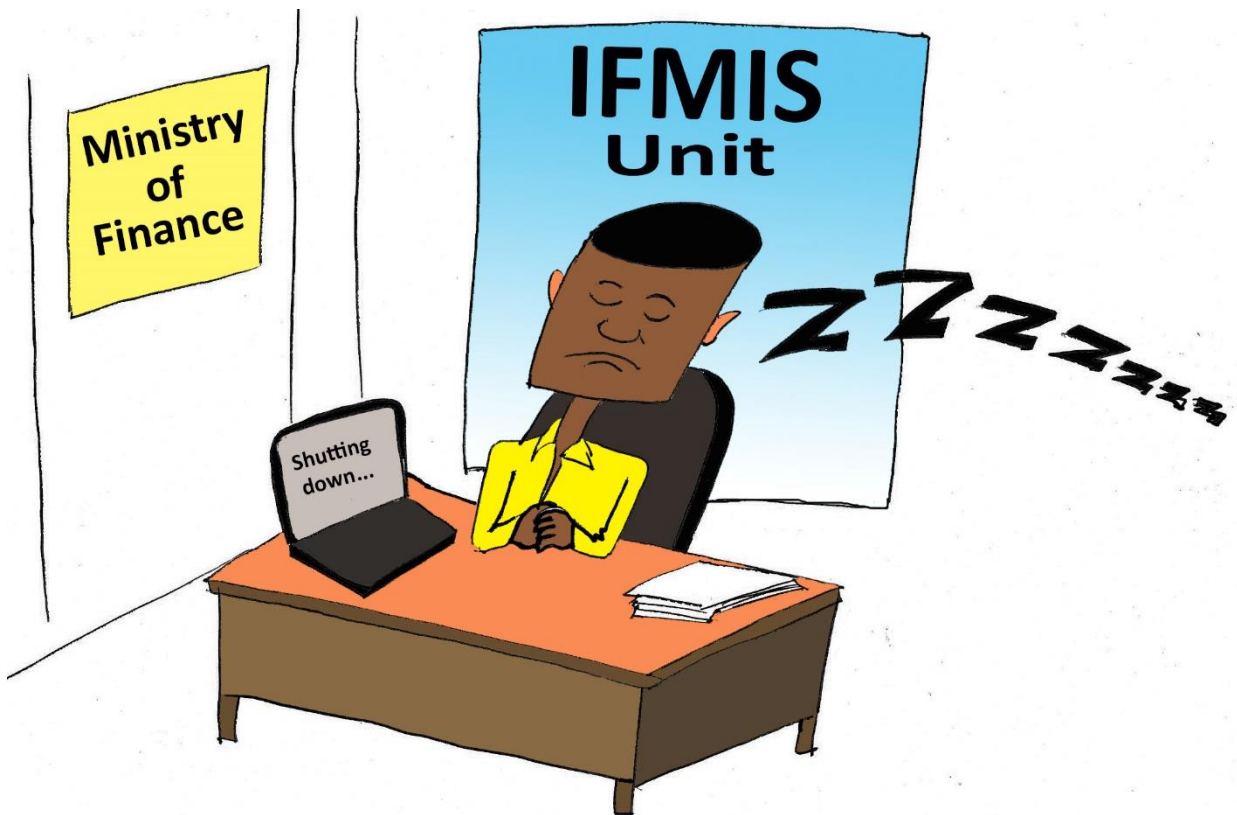
Payroll

Government is losing considerable funds as a result of irregularities in payroll records. These irregularities were mainly in respect of consultants on open-ended contracts and staff receiving salaries twice within the same month from the Consolidated Revenue Fund Account.



Source: Page 6 of the Auditor-General's Report 2016

The IFMIS (Integrated Financial Management Information Systems) was introduced in 2005 to promote transparency and accountability in the use of public funds. However, there is a lack of integration as important financial systems outside the Accountant General's Department do not interface with the IFMIS. Moreover, there is no evidence of an IT governance structure and policy.



Source: Page XII of the Auditor-General's Report 2016

Performance Audit

The performance audit carried out by Supreme Audit Institutions (SAIs) is an independent, objective and reliable examination of whether government undertakings, programmes, systems, activities are performed in accordance with the principles of economy, efficiency and effectiveness.

Two performance audit reports were issued by the ASSL and tabled in Parliament. These were **Ministry of Youth Affairs** (Youth in Drainage Clearing Project) and the **Environment Protection Agency**.

Ministry of Youth Affairs project

For the Ministry of Youth Affairs project, the recruitment of youths was not based on defined eligibility criteria, and was in contravention of the revised National Youth Policy, 2014. This undermines the purpose of forming and registering youth groups that should receive special attention in implementing youth programmes.

Furthermore, the project was not properly coordinated and monitored; it limited the involvement of the SLRA in the implementation of the project; there was inadequate provision and monitoring of tools and lack of protective gears for the youth.

EPA

Under EPA, findings indicate that environmental issues have not been adequately managed, monitored or coordinated; leaving room for potential undermining of environmental sustainability in Sierra Leone.



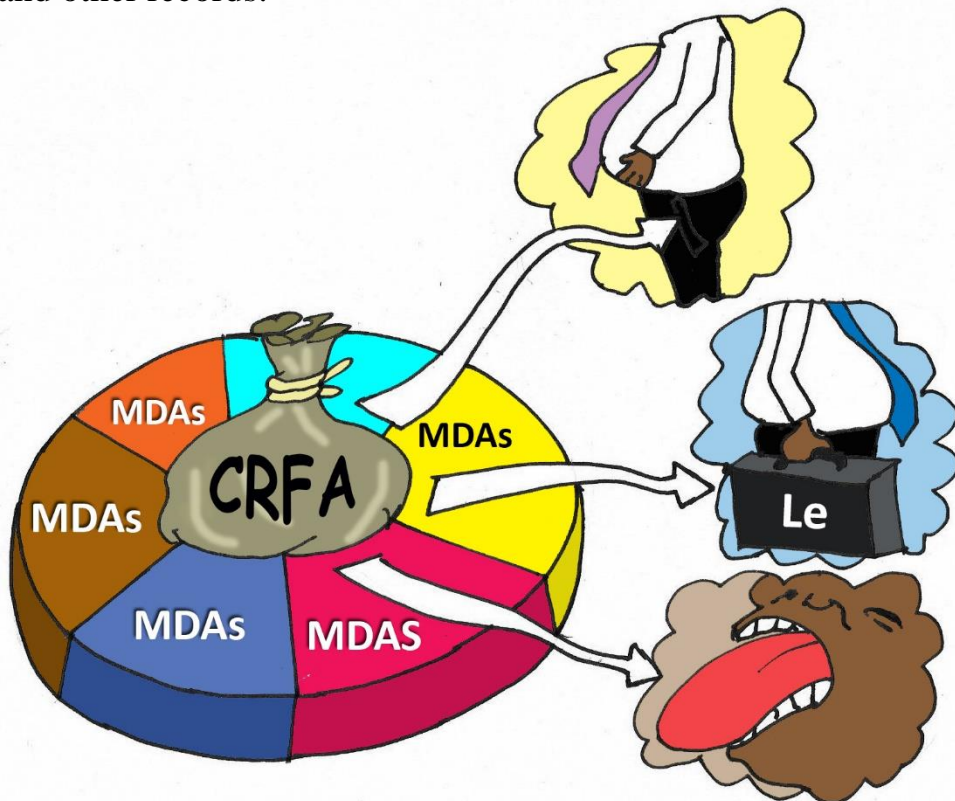
Source: Page XIII of the Auditor-General's Report 2016

Ministries, Department & Agencies (MDAs)

There's an overall estimate of cash losses of **Le75.5billion**. Despite this enormous amount, some MDAs have taken corrective measures to address the issues raised on administrative and financial management matters, while in others, very little has been done.

Examples of basic procedures not being observed are as follows:

- ❑ Several lapses were observed in procurement procedures resulting in incomplete transactions, which in turn lead to unsatisfactory service delivery.
- ❑ Monies allocated to some MDAs were not accounted for at all.
- ❑ Payments without adequate supporting documents persist in some MDAs.
- ❑ Weaknesses were observed in the management of revenue in most revenue generating entities.
- ❑ In many cases, withholding taxes were not being deducted from suppliers or contractors' payments.
- ❑ Monies intended to be managed by imprest accounts were not properly closed out or accounted for.
- ❑ Fixed assets, stores and fuel records were not adequately recorded in applicable registers and other records.



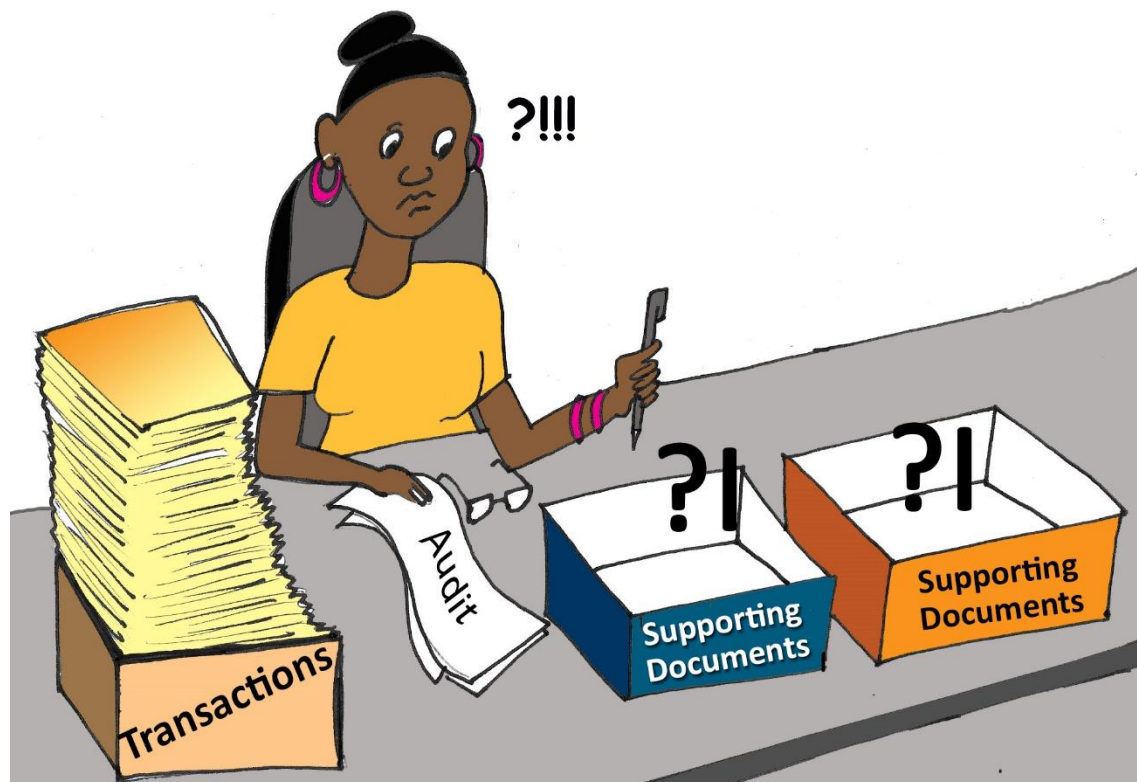
Source: Page XIV of the Auditor-General's Report 2016

Fourteen (14) PEs and Commissions did not produce annual financial statements for 2016.

Some are more than one year behind and some others since formation.

Generally, in almost all of the public enterprises, commissions and donor funded projects, significant matters identified during audit examinations fall into the following areas:

- No supporting documentation for transactions.
- Relevant supporting documentations missing.
- Poor management of procurement transactions.
- Mismanagement of assets mainly in the area of not updating asset registers.
- Cash and bank reconciliation ignored.
- Failure to deduct withholding taxes.



Source: Page XV of the Auditor-General's Report 2016

Local Councils

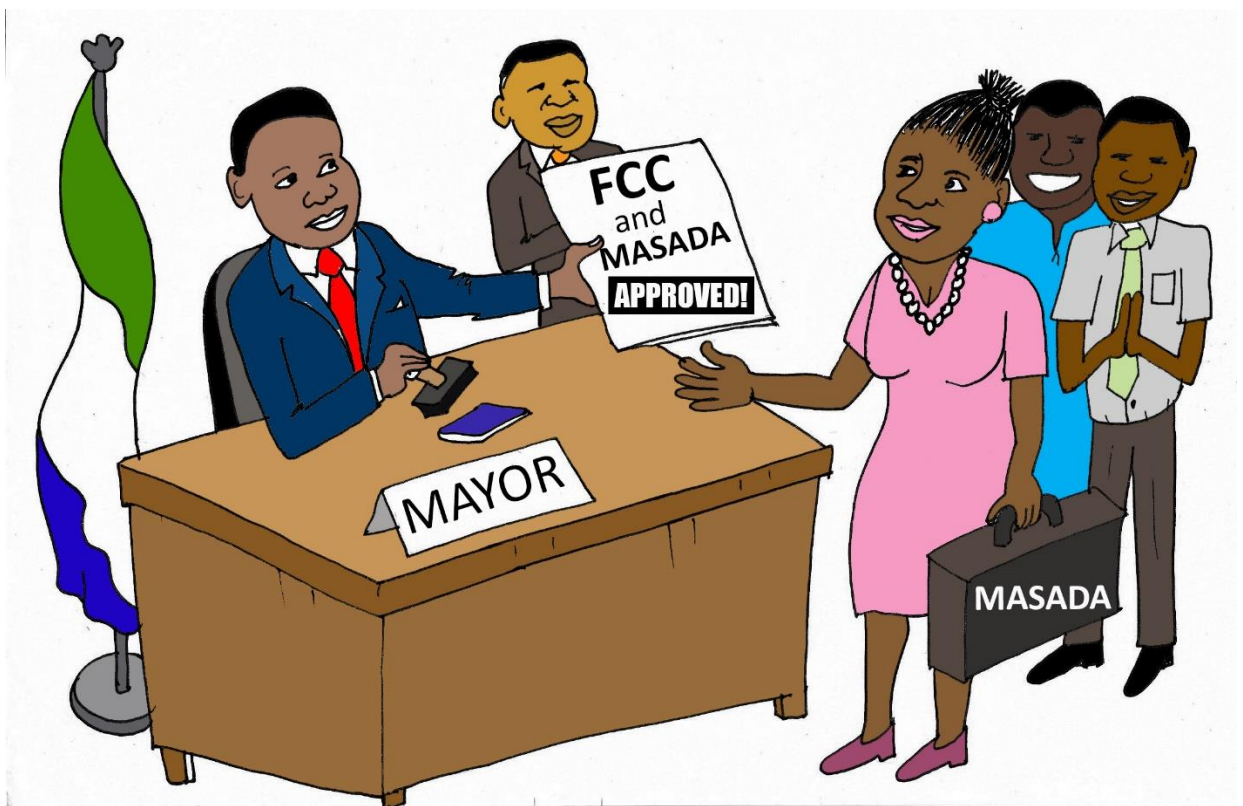
Local Councils deducted NASSIT contributions from staff salaries totaling **Le777.7million** but did not pay to NASSIT.



Source: Page 83 of the Auditor-General's Report 2016

Freetown City Council

Freetown City Council paid **MASADA Le1.2 billion** for cleaning the city, and at the same time spent **Le11 billion** on the same exercise, which represents **40%** of the Council's **total expenditure** for the period under review.



FCC approved contract with MASADA to clean Freetown

Source: Page 87 of the Auditor-General's Report 2016

Freetown City Council

Despite the amount paid, there has not been much improvement in the environmental condition of the municipality as drainages and gutters on which funds were expended, continue to overflow whenever it rains heavily.



Source: Page 87 of the Auditor-General's Report 2016

Chiefdoms

The common issues with the chiefdoms include: Chiefdom Committees not operational; missing receipt books to the tune of **Le147, 200,000**; disbursement without supporting documents; revenue collected not banked but put into immediate use; monthly bank reconciliations not carried out; failure to maintain asset registers; non-presentation of vital documents and withdrawal/disbursement of funds without supporting documents.

For the 18 chiefdoms audited in the three districts: Port Loko, Bombali and Kenema, missing receipt books amounted to **Le147,200,000**, disbursement without supporting documents accounted for **Le215,658,743** and revenue not brought into account **Le61,125, 500**.



Source: Page 328 of the Auditor-General's Report 2016

AUDIT SERVICE SIERRA LEONE

Guardian of Sierra Leone's Economic Security

Mission Statement:

To be a role model by proactively ensuring value for money for public funds through a highly competent satisfied workforce of integrity.

Western Area Office

9th Floor, Youyi Building

Freetown

Contact: +23276682162

Email: info@auditservice.gov.sl

Southern Region Office

Stock Road

Bo

Contact: +23276691011

Email: sinneh.kargbo@auditservice.gov.sl

Northern Region Office

St Lawrence Building

Azolini Highway, Makeni

Contact: +23278629154

Email: juldeh.barrie@auditservice.gov.sl

Eastern Region office

72 Hanga Road

Kenema

Contact: +23278629152

Email: alie.badrokargbo@auditservice.gov.sl



Headquarter

2nd Floor, Lotto Building

Tower Hill, Freetown

Contact +23276682162

Email: info@auditservice.gov.sl