

# GRAPHICAL REPRESENTATION OF THE SUMMARY OF THE 2014 AUDITOR GENERAL'S REPORT



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## Acronyms

<b>ACC</b> .....	Anti Corruption Commission
<b>AFAU</b> .....	Armed Forces Agricultural Unit
<b>ASSL</b> .....	Audit Service Sierra Leone
<b>ASYCUDA</b> .....	Automated System for Customs Data
<b>CSOs</b> .....	Civil Society Organizations
<b>EU</b> .....	European Union
<b>FTT</b> .....	Foreign Travel Tax
<b>GBBA</b> .....	Government Budgeting and Accountability Act
<b>GST</b> .....	Goods and Services Tax
<b>MDAs</b> .....	Ministries, Departments and Agencies
<b>MoFED</b> .....	Ministry of Finance and Economic Development
<b>MOHS</b> .....	Ministry of Health and Sanitation
<b>MoLSS</b> .....	Ministry of Labour and Social Security
<b>MoWHI</b> .....	Ministry of Works, Housing and Infrastructure
<b>MTA</b> .....	Ministry of Transport and Aviation
<b>NAGPC</b> .....	National Assets and Government Property Commission
<b>NASSIT</b> .....	National Social Security and Insurance Trust
<b>NPPA</b> .....	National Public Procurement Authority
<b>NRA</b> .....	National Revenue Authority
<b>PAC</b> .....	Public Accounts Committee
<b>PFM</b> .....	Public Financial Management
<b>PHUs</b> .....	Primary Health Care Units
<b>PSRU</b> .....	Public Sector Reform Unit

## **Foreword**

The 2014 Auditor General's Report was released during the scourge of the deadly Ebola virus that devastated our country's economy and cost many lives including those of doctors and nurses. 2014 was a year of trauma, disease and profound economic setback for the nation.

Notwithstanding, ASSL did all within its powers to deliver on its strategic mandate, which is to produce the 2014 Auditor General's Report – a document that communicates how the Government collected and spent public funds whilst ensuring that the country gets value for money. One issue for us has been to what extent the general public is able to read and fully understand the important, but sometimes technical, information articulated in the Annual Report. All citizens of Sierra Leone have the right to know, in simple terms, how their government operates, including how it utilises public funds to provide them with basic services.

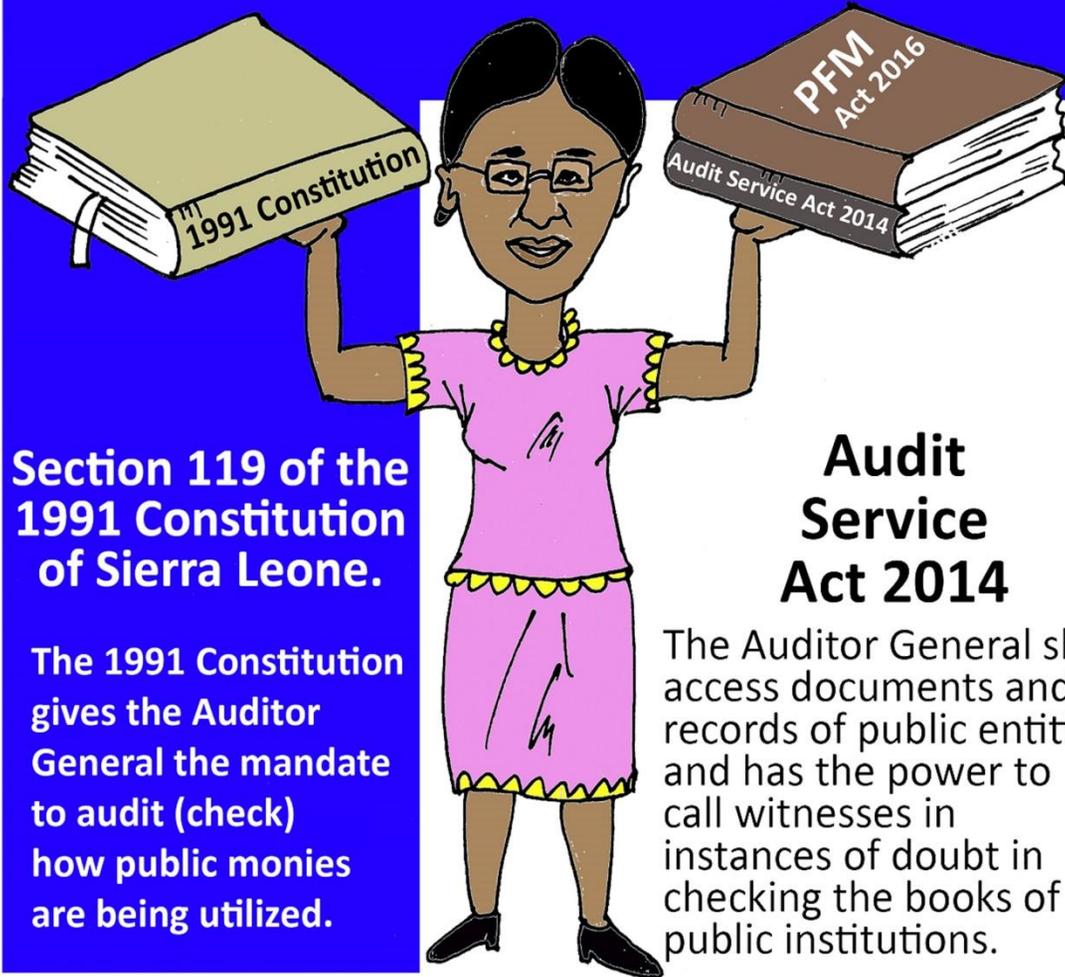
It was with this focus in mind that ASSL, with the support of the European Union, has produced a graphical version of the 2014 Auditor General's Report. Meeting the need for easier public consumption of the report through this publication is a step in the right direction.

This graphical version accurately communicates the key messages of the 2014 report in coloured graphics, cartoons and pictorial drawings, with minimal words. I hope that, through this initiative, ordinary citizens will be better engaged in the work we do.

I would like to take this opportunity to thank the European Union for funding this development as well as the individual consultants and my own staff who worked to produce this document over the last few months.

**Lara Taylor-Pearce (Mrs)**  
**Auditor General**

# MANDATE 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 utilized.

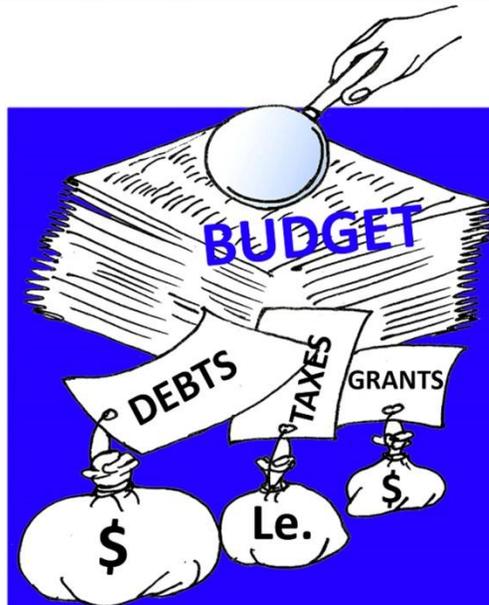
## Audit Service Act 2014

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 Fund, Central Government, budgetary agencies, subvented agencies, local councils, social security funds and public enterprises.

# ROLE OF THE AUDITOR GENERAL



The Auditor General checks the Government's performance, as the custodian of public funds, to ensure that they are used in the manner intended.



## THE AUDITOR GENERAL AND MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

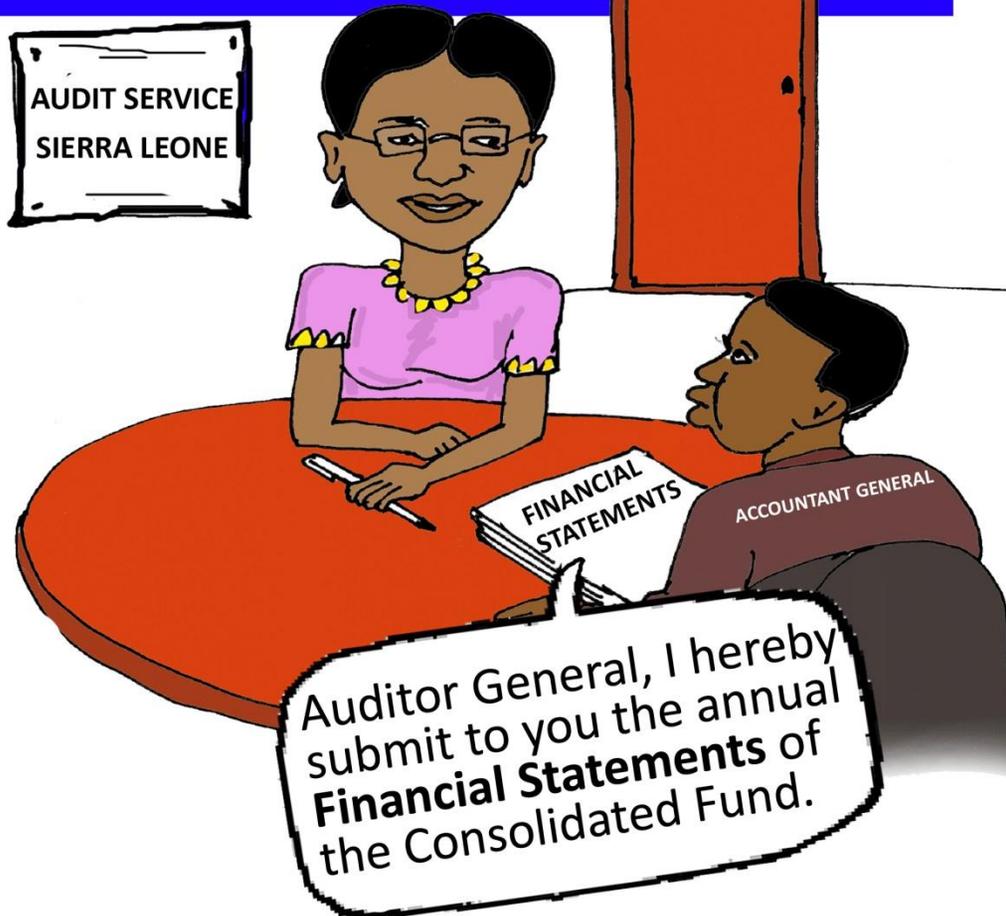
Auditor General,  
we hereby submit  
our annual **Financial  
Statements** for  
the year.

Three months after the  
end of the financial  
year, MDAs shall submit  
their annual Financial  
Statements to the  
Auditor General.

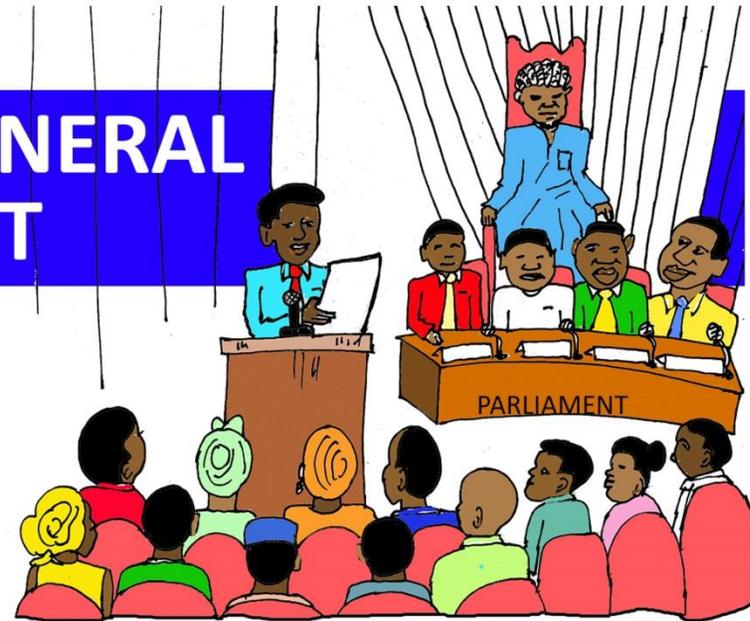


# THE AUDITOR GENERAL AND ACCOUNTANT GENERAL

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 Fund.



# THE AUDITOR GENERAL AND PARLIAMENT



The Auditor General shall within 12 months of the end of the immediate preceding financial year submit its annual report to Parliament.

# SUMMARY OF THE 2014 AUDITOR GENERAL'S REPORT

## Key Assumptions of the 2014 Audit Report

The 2014 Audit Report is risk-based. The process of preparing the 2014 financial statements by MDAs was checked by ASSL to ensure they were correct. The internal control systems (separation of duties, approval and records keeping, etc) were also cross-checked by ASSL. The 2014 Audit also looked at information on finances of public servants.

## Key Issues in the 2014 Audit Report

The key issues in the 2014 Audit Report that gave rise to qualified Audit Opinion are as follows:

- Domestic revenue
- Revenue arrears not included in Public Accounts.
- Application of the Cash Basis IPSAS Accounting Standard and External debt.

## Domestic Revenues – Grossly Understated



Revenue potential from ASYCUDA GST was understated by **Le13.9 Billion**

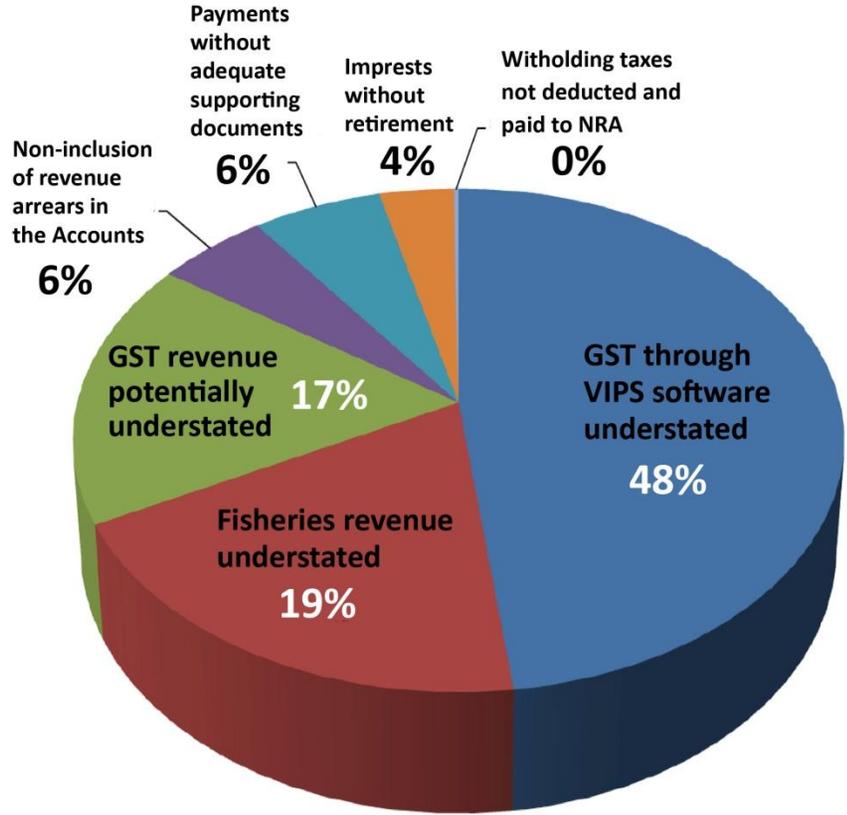


## Audit Issues

- Withholding tax not deducted and paid to NRA.
- GST understated.
- Payments without adequate supporting documents.
- There is no process by which the amount assessed by revenue-collecting MDAs was compared to revenues collected by NRA.
- Complete airline sales report for FTT was not provided and as a result ASSL could not determine the actual amount to be paid.

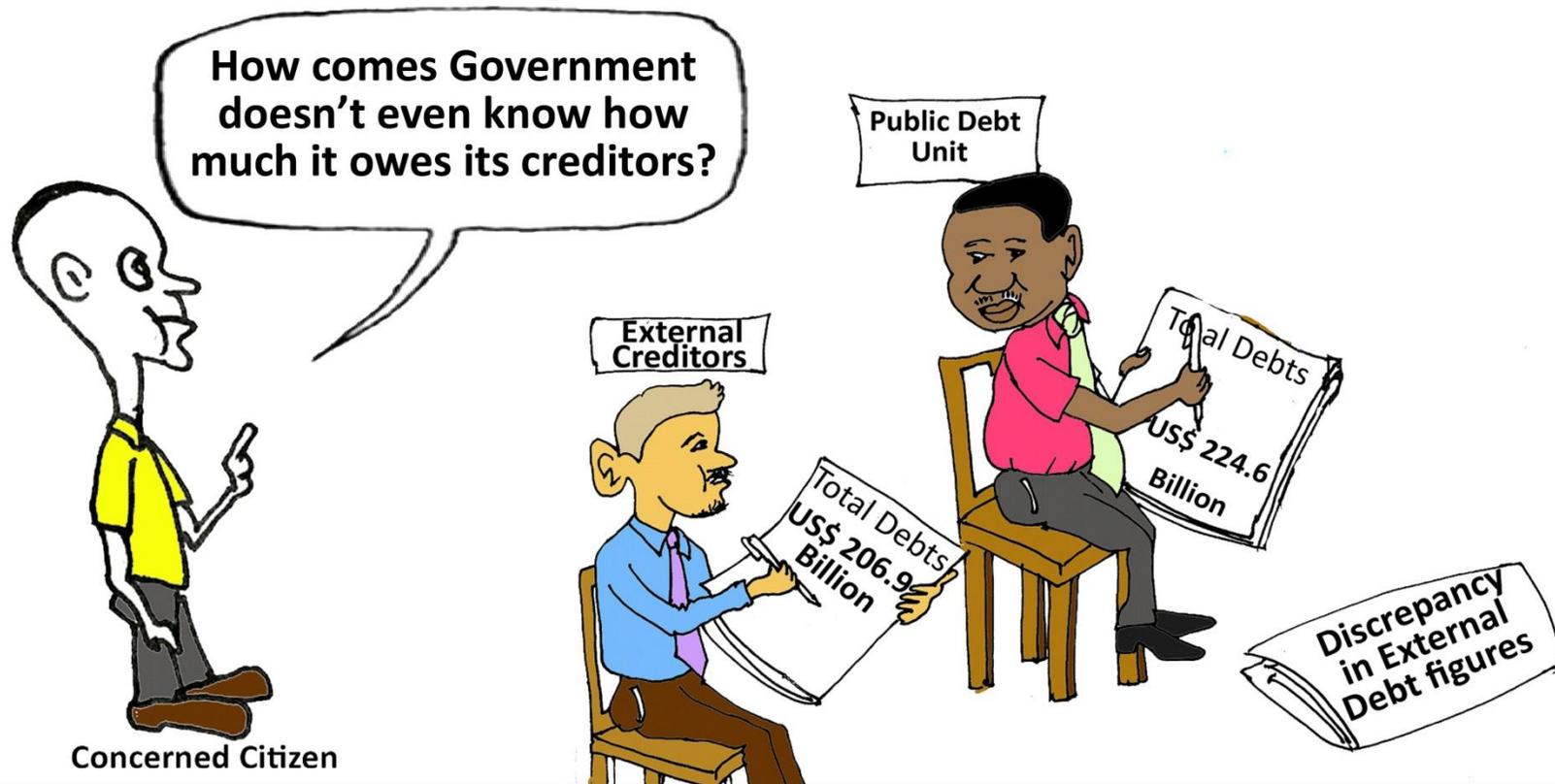
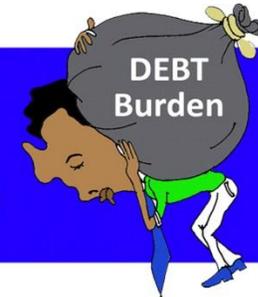
**Total unrecovered domestic revenue funds for the 2014 Audit are estimated at Le80.698 Billion. Details and share is shown below:**

<b>ISSUES</b>	<b>Unrecovered Amount</b>
GST through VIPS* software understated	<b>Le38.76 Billion</b>
Fisheries revenue understated	<b>Le15.59 Billion</b>
GST revenue potentially understated	<b>Le13.90 Billion</b>
Non-Inclusion of Revenue Arrears in the Accounts	<b>Le4.30 Billion</b>
Payments without Adequate Supporting Documents	<b>Le5.05 Billion</b>
Imprests without Retirement	<b>Le2.91 Billion</b>
Withholding taxes not deducted and paid to NRA	<b>Le0.19 Billion</b>
<b>TOTAL</b>	<b>Le80.70 Billion</b>



\*VIPS: A software system used to record GST liabilities for both large and medium tax payers.

# External Public Debt Figure in the Financial Statement may be overstated by Le17.7 Billion.



## Issues for which Government action is desperately and timely needed

**Significant procurement irregularities.**

**Payment without adequate supporting documents.**

**Imprest accounts without retirement details.**

**Withholding tax not deducted and paid to NRA.**

**Inadequate records.**

**Monthly bank reconciliations not prepared.**

**No fixed-asset accounting or controlled policies.**

**Fixed-asset registers not maintained and updated.**

**Ownership of assets is not clearly marked.**

**No effective internal audit units.**

## ASSL Recommendations

“Neither the will nor the discipline to make reforms is present and even if it was it is only the first step ... there needs to be consequences for failure, for all parties involved”.

**The citizens of this country and CSOs need to ensure that our elected representatives ensure disciplinary measures.**

It is not enough to have laws in the books- they need to be enforced with rigour, consistency and a strong sense of justice for all.

**Those in a position to, should expose and report corruption at every opportunity and follow the money when things go wrong.**

Parliamentarians, Ministers and public sector managers at all levels need to demonstrate leadership by not accepting grand, or even petty corruption.



# REVIEW OF THE HEALTH SECTOR

The summary of audit issues is shown below:

**Lack of adequate Government funding to the health sector has affected the delivery of quality health care services to the population.**

Overlapping or conflicting legislation governing the health sector.

**Shortages of nurses and specialist Doctors everywhere with none available in health facilities.**

Specialist Doctors working at the Ministry instead of being in the hospitals.

**Lack of basic equipment in hospitals, operating theaters, laboratories and wards and where they exist, they are not in good working condition.**

Terrible conditions prevailing in stores, wards and kitchens.

**General waste management and cleanliness remain poor at hospitals and health centers and poses threat to already sick patients, health workers and visitors.**

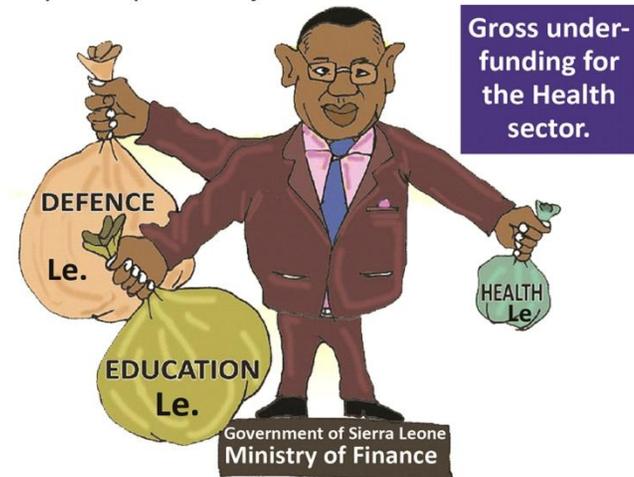
Medical waste disposal (body parts, needles/syringes, sharps, etc) is poor and poses threat of risk of infection and disease to staff and public alike.

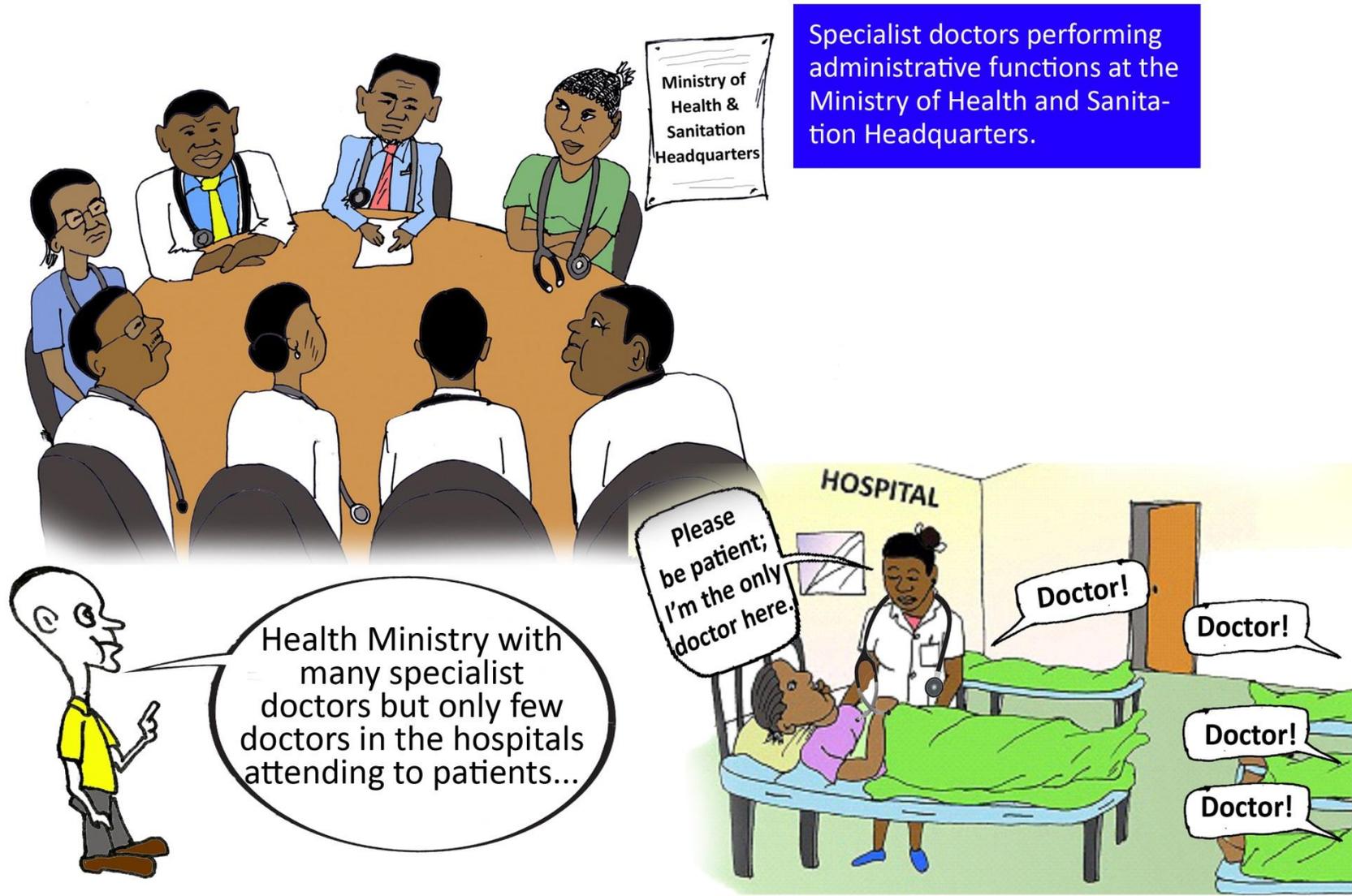
**The resources available are judiciously utilized to achieve value for money.**

Drugs distributed from medical stores to hospitals and health centres are not based on actual needs of the hospitals and health centres.



*Deplorable hospital with poor medical facilities in the various wards*





## POOR MEDICAL STORAGE

It was stated that the medical stores were constructed in the 1940s.

Ninety percent (90%) of PHUs visited did not have the essential equipment to provide quality service.

For example there were no standard delivery beds, delivery kits and equipment, binoculars, surgical instruments, oxygen machine and basic equipment for effective operation, etc.

**Drug distribution regime in place has contributed to estimates of out-of-date drugs running as high as 20% with storage facilities not fit for purpose...**



## Health Infrastructure

Physical Health Infrastructures (hospitals and PHUs) are inadequate and, in some cases, deplorable and not fit for purpose.



*Haphazard storage of medical items at Connaught Hospital*



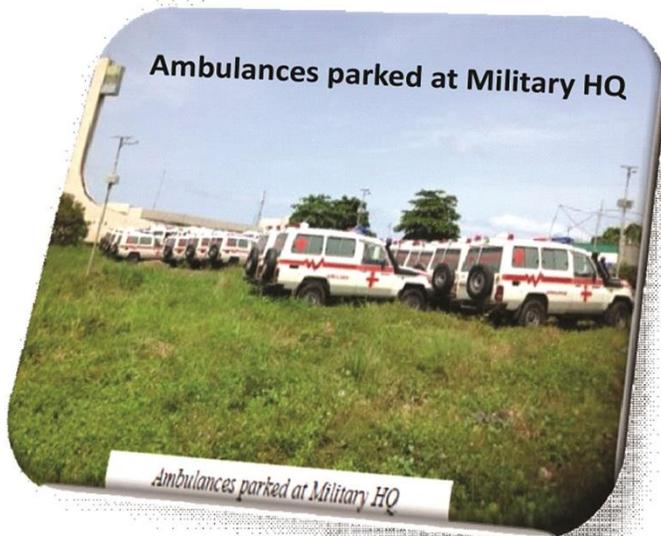
*Defective incinerator at Connaught Hospital*



*Damaged roof at the Central Medical Stores at New Englandville, Freetown*



*Hospital beds donated by the Chinese Government not kept properly*



## AMBULANCES

90 out of 123 ambulances procured were sent to hospitals and health centres. The remaining 33 were parked at Youyi Building doing nothing whilst most other health centres go without an ambulance.



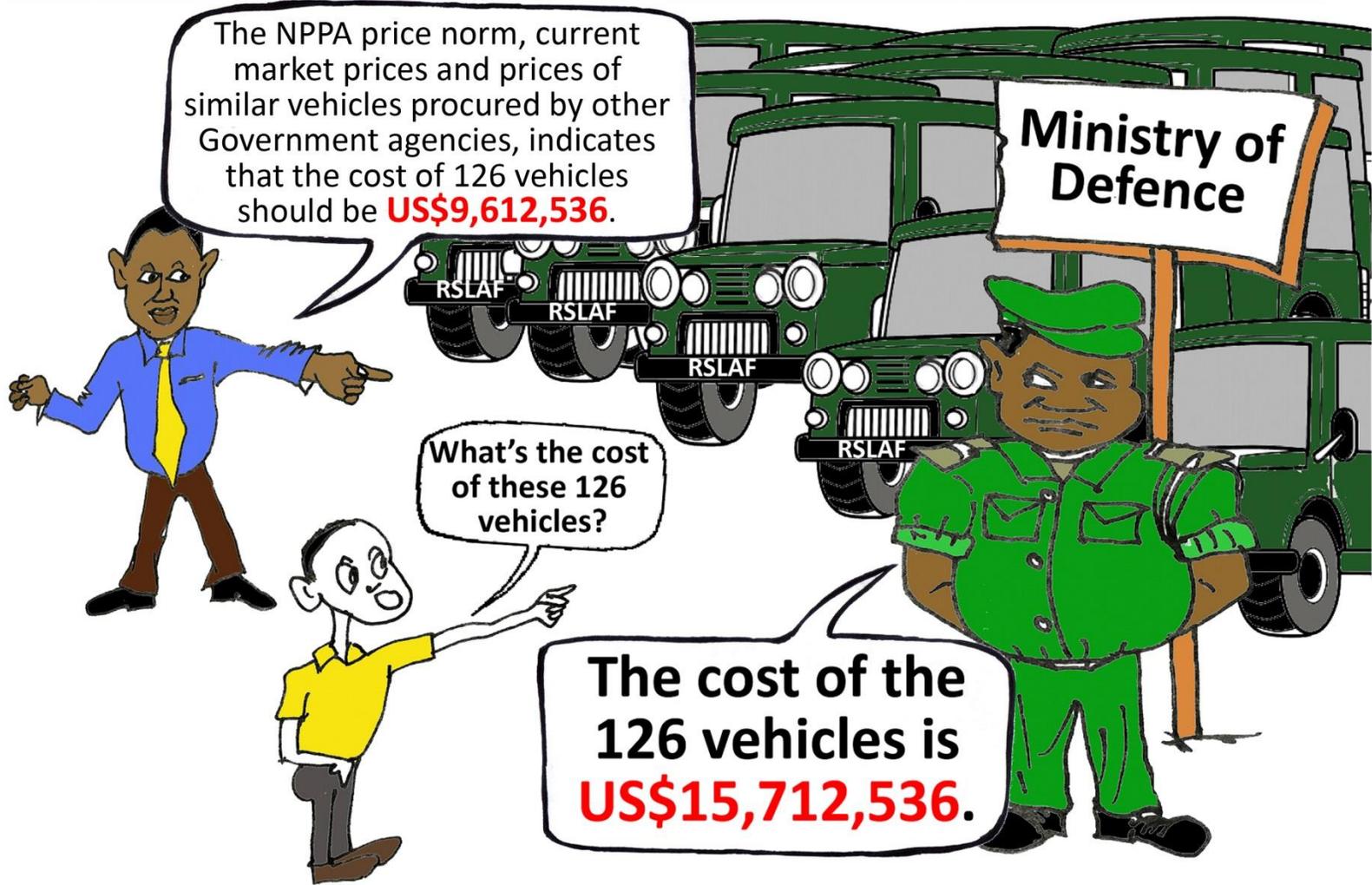
# Ministry of Defence Audit Issues

There are some disturbing issues in the 2014 Audit Report that are worth mentioning:



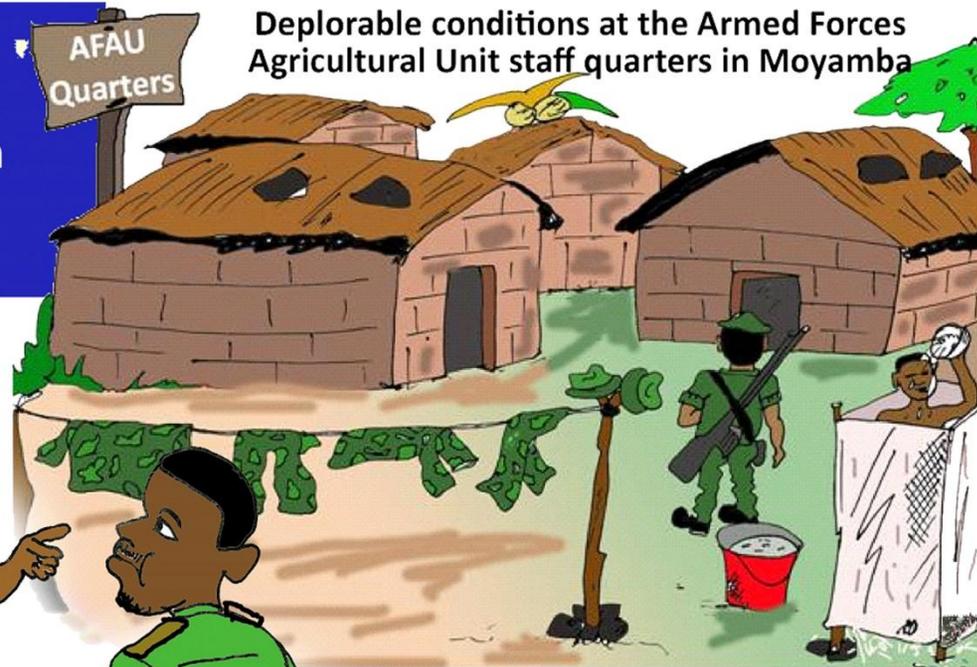
- Two of the Atego Mercedes Benz vehicles received were delivered defective and immediately returned to the supplier in October 2014. The two vehicles (estimated at US\$620,000 @ Le4,958/US\$ = Le3.07 billion) were not disclosed in pre-inspection report and have not been replaced.
- Out of the 126 vehicles, delivery notes were received for only 49 vehicles, leaving a balance of 77 outstanding.
- No evidence that duties payable on the 69 and 57 vehicles to the tune of Le6.5 billion and Le3.2 billion respectively (total Le9.7 billion) had been made by the suppliers, which contravenes contract agreement.
- Procurement documents amounting to \$7.50 million (Le37.19 billion) and Le44.83 billion were not provided for audit inspection.

# 126 vehicles overpriced by **Le30 billion** (US\$6.1 million)



**Le72.4 billion** paid directly to the former Joint Force Commander for construction of Military Barracks by the Ministry of Defence.

Deplorable conditions at the Armed Forces Agricultural Unit staff quarters in Moyamba

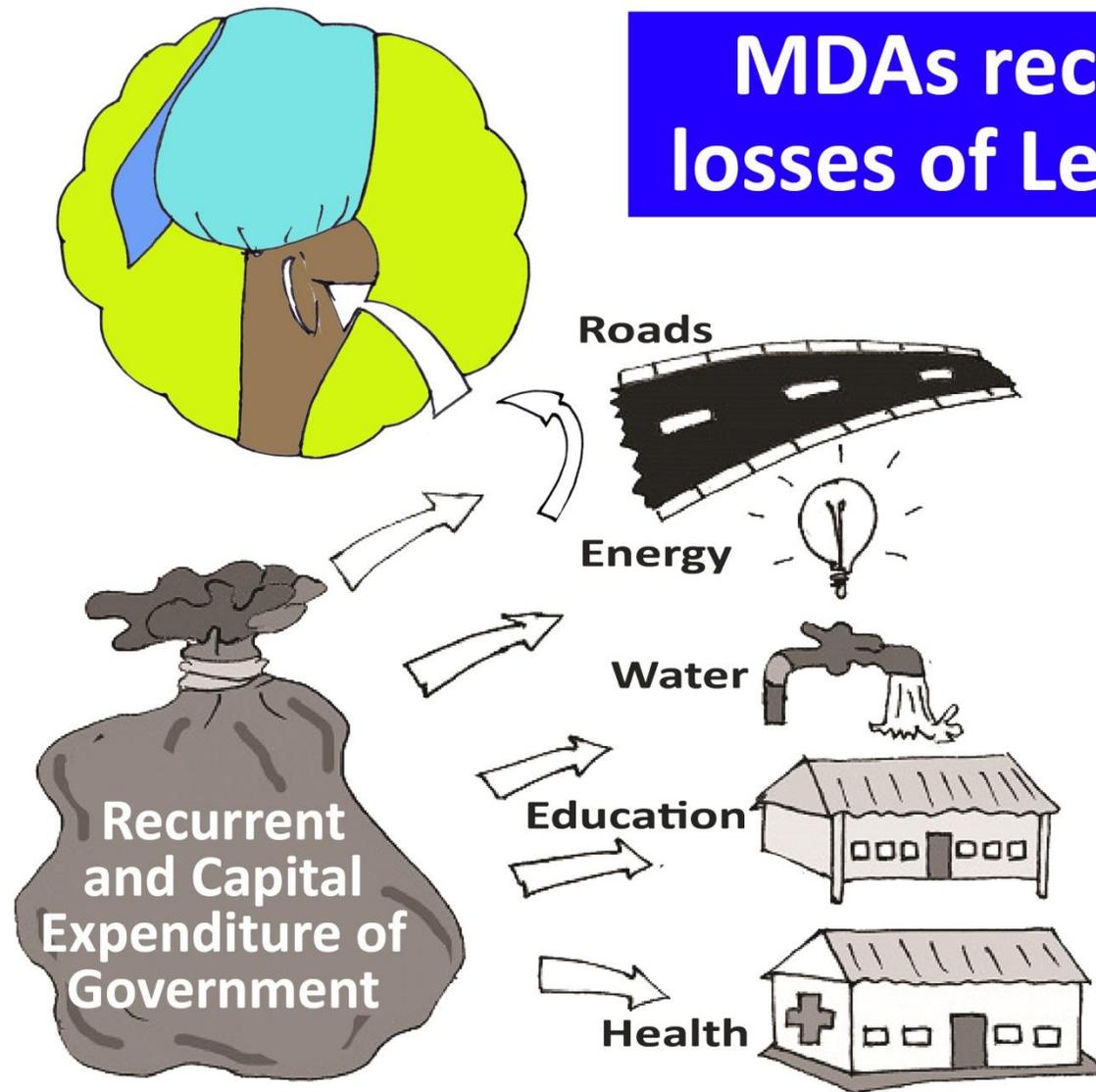


Ministry of Defence

Mr. Joint Force Commander, these barracks are dilapidated. Here's **Le72.4 Billion** to construct military barracks.



# MDAs recorded cash losses of Le140.5 Billion

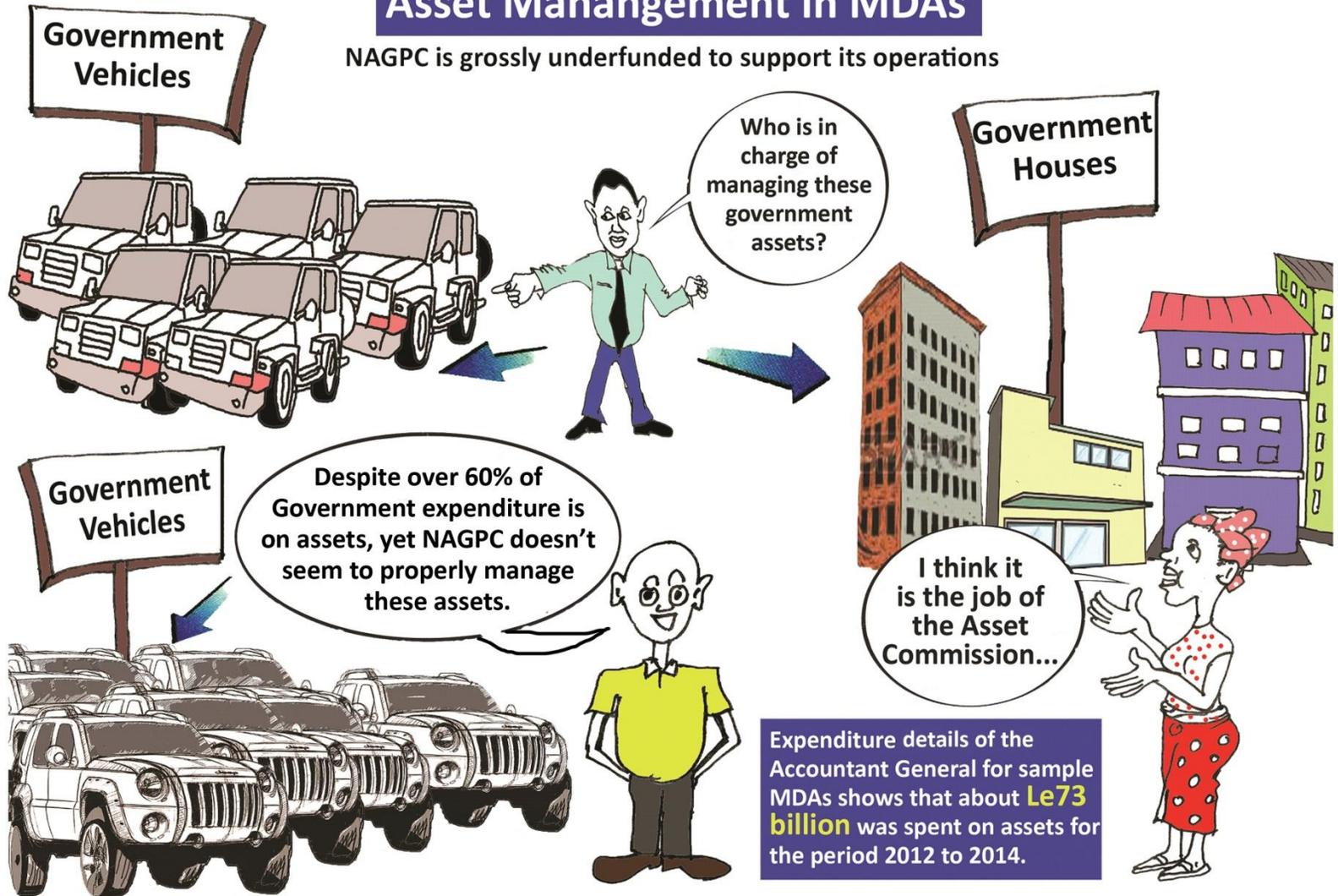


The issues associated with the Le140.5 billion losses from MDAs include:

- Monies allocated to MDAs are unaccounted for. Payments made by MDAs without adequate supporting documents.
- Absence of monthly bank reconciliation.
- Significant weaknesses in management of revenues collected by MDAs
- Withholding taxes not deducted from suppliers or contracts and paid to NRA.
- Fixed-assets, stores and fuel records are not adequately recorded in applicable registers.

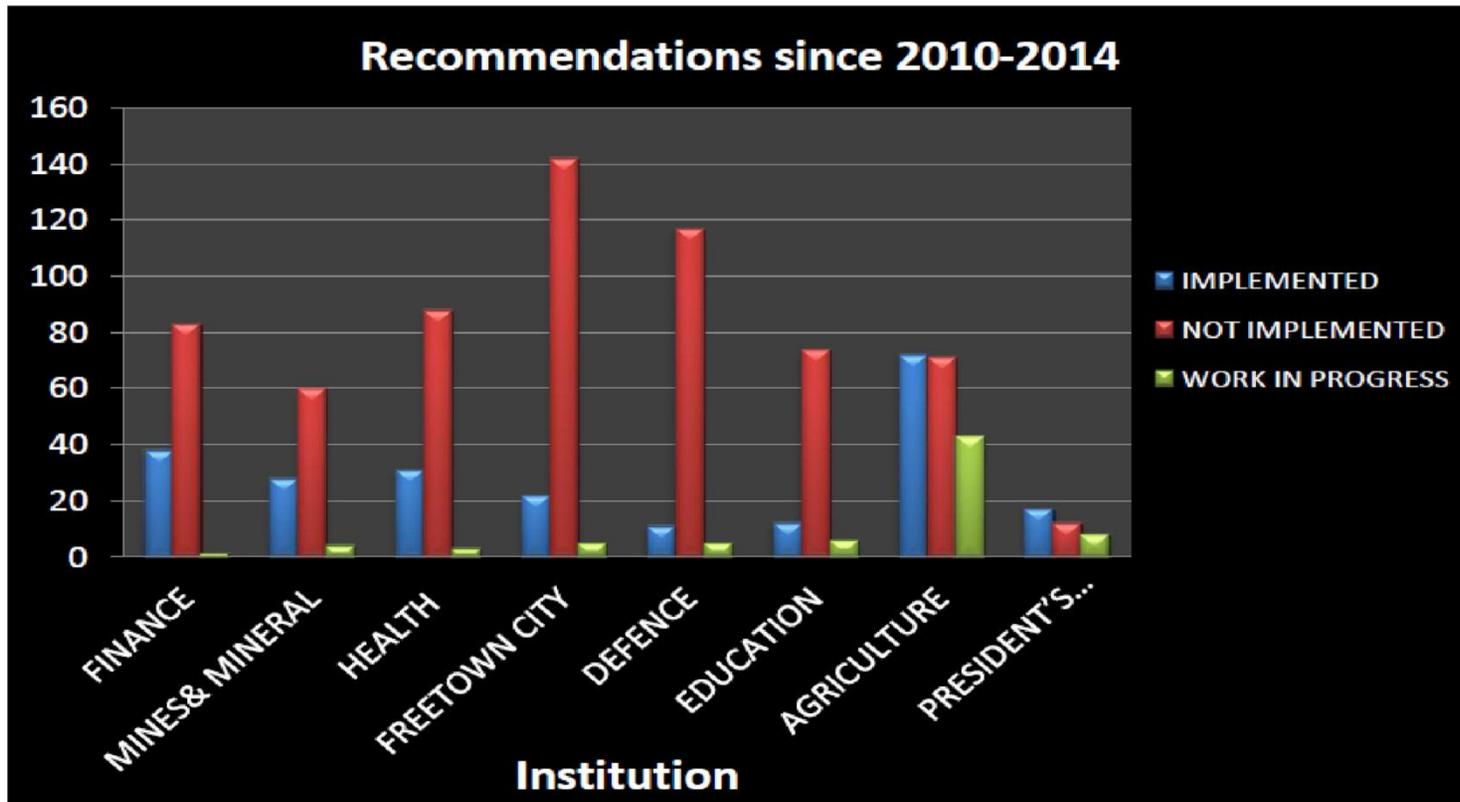
# Asset Management in MDAs

NAGPC is grossly underfunded to support its operations



**953 recommendations were reviewed for eight Audit Entities and status of implementation is shown in the table below:**

Audit Entity	Status of Recommendations for 2010-2014			
	Total	Implemented	Not Implemented	Work-in-Progress
Ministry of Finance and Economic Development	112	38	83	1
Ministry of Mines and Minerals Resources	92	28	60	4
Ministry of Health and Sanitation	112	31	8	3
Freetown City Council	169	22	142	5
Ministry of Defence	133	11	117	5
Ministry of Education, Science and Technology	92	12	74	6
Ministry of Agriculture, Forestry and Food Security	186	72	71	43
Office of the President	37	17	12	8
<b>Total</b>	<b>953</b>	<b>231</b>	<b>647</b>	<b>75</b>
	<b>100%</b>	<b>24.20%</b>	<b>67.90%</b>	<b>7.90%</b>



**ASSL encourages the PAC to request status reports from MDAs for those recommendations that are 'not implemented' and also those that 'remain in progress'.**

# Summary of Findings of Audit Entities

## Mines and Mineral Resources

- Still has problems in revenue and expenditure control;
- Still has challenges with Payroll systems.

## Health and Sanitation

Year-over-year comparisons show that there are recurring problems in the following areas:

- Non-compliance with procurement procedures;
- Non-provision of supporting documents for expenditure under audit;
- Control and usage of fuel;
- Collection and banking of revenue;
- Stores management and records;
- Managing and supplying drugs and medicines;
- Overall cleanliness and sanitation of premises.

## Defence

- Controls, including basic records keeping for distribution and usage of fuel have been recurring problem;
- Missing payroll records;
- Cash controls, including non-retirement of huge imprest accounts;
- Significant deficiencies in non-presentation of documents supporting procurement transactions ;
- Failure to comply with procurement procedures and related reporting matters.

## Office of the President

- Improvements in the implementation of ASSL recommendations on per diems for international travel, retirement of imprest, breaches in the application of procurement procedures; and control over the recording and usage of fuel.

# Summary of Findings of Audit Entities

## Education, Science and Technology

- Poor management of stores including physical tidiness and records maintenance.
- Problems with vehicle logbooks, recording fuel usage and issues around vehicle maintenance.
- Failure to deduct withholding tax on a range of expenditures.
- Fixed-assets not properly managed.
- Imprests not retired.
- Mismanagement of grants-in-aid is also recurrent issue.

## Freetown City Council

- Unretired or improperly retired impress accounts;
- Missing supporting documents for expenditures;
- Breaches of procurement procedures; and
- Withholding taxes not deducted and paid over to NRA

## Agriculture and Security

- Cash and bank controls are weak with many bank statements not presented for verification;
- Missing documentary support for expenditure;
- Serious record-keeping problems with reforestation assessment fees, export clearances and collections. Withholding taxes and NASSIT have not been deducted;
- Proceeds from the sale of bid documents have not been accounted for over the years
- Non-compliance with procurement procedures;
- Record-keeping issues regarding stores, fuel management, personnel records.

**Of the entities selected for review the Freetown City Council is the least responsive. Little progress appears to have been made in dealing with any of the matters raised.**

# Summary of Findings of Audit Entities

## Public Enterprises and Commissions

List of Public Enterprises and Commissions that didn't submit accounts for the Financial Year 2014

Institution	Financial Year	Allocation (Le000)
Njala University	2013-2014	63,319,517
University Of Sierra Leone	2014	46,316,000
Statistics Sierra Leone	2014	21,360,009
Sierra Leone Investment and Export Promotion Agency	2014	4,257,128
Sierra Leone Agriculture Research Institute	2014	4,160,000
Law Reform Commission	2014	4,067,260
National Tourist Board	2014	3,247,560
Office of The National Security	2014	2,800,000
Independent Media Communication	2013-2014	2,464,464
Medical & Dental Council	2014	250,000
National Telecommunication Commission	2014	135,000
Sierra Road Safety Authority	2014	-
Guma Valley Water Company	2014	-
National Power Authority	2012-2014	-
Salpost	2012-2014	-
Sierra Leone National Shipping Company	2014	-

# Summary of Findings of Audit Entities

List of Public Enterprises and Commissions that submitted their accounts after the stipulated date of 31st March 2015

<b>Late Submission of Accounts</b>		
<b>INSTITUTION</b>	<b>FINANCIAL YEAR</b>	<b>DATE OF SUBMISSION</b>
National Social Security & Insurance Trust	2014	14/7/2015
National Revenue Authority	2014	10/8/2015
National Mineral Agency	2014	20/5/2015
Nuclear Safety Radiation Protection Authority	2014	22/9/2015
Sierra Leone Broadcasting Corporation	2014	9/9/2015
Tertiary Education Commission	2014	7/7/2015
National Insurance Company	2014	22/5/2015
Sierra Leone Library Board	2014	15/5/2015
Sierra Leone Water Company	2014	30/10/2015

