



**PERFORMANCE AUDIT REPORT ON THE
MANAGEMENT OF THE FERTILISER
SCHEME BY THE MINISTRY OF
AGRICULTURE FORESTRY AND FOOD
SECURITY (MAFFS)**

OCTOBER 2018

FOREWARD



In submitting this Performance Audit Report for tabling, I refer to Section 11 (1) of the Audit Service Act 2014, which outlines the role of the Audit Service as follows: ‘to audit and report on all public accounts of Sierra Leone and all public offices including the Judiciary of Sierra Leone, the central and local government institutions, the University of Sierra Leone and other public sector institutions of like nature, all statutory corporations, companies and other bodies and organisations established by an Act of Parliament or statutory instrument or otherwise set up wholly or in part out of public funds’.

Section 12 (c) of the Audit Service Act 2014 confers on the Audit Service the mandate to conduct value for money and other audits to ensure that efficiency and effectiveness are achieved in the use of public funds. Additionally, Section 63 sub-section (1) of the Government Budgeting and Accountability Act 2005 also provides that the Auditor General shall ascertain whether financial business has been carried out with due regard to economy in relation to results achieved. Sub-section 66 (4) of this same Act also states that “nothing in this section shall prevent the Auditor General from submitting a special report for tabling in Parliament on matters that should not await disclosure in the annual report”. The GBAA is repealed by the Public Financial Management Act, 2016. The former was considered during the audit because it was the legal instrument applicable based on the scope of the audit and in cognisance of the fact that the Public Financial Management Act (PFM) of 2016 came into operation in January, 2017.

It is with my mandate as described above, that we have undertaken this Performance Audit on the Ministry of Agriculture, Forestry and Food Security (MAFFS) on the Management of Fertilizer.



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Auditor General

LIST OF ABBREVIATIONS

ABC	Agriculture Business Centre
ASSL	Audit Service Sierra Leone
BES	Block Extension Officers
CAO	Chief Agriculture Officers
DAG-SA	Deputy Auditor General –Specialized Audit
DAO	District Agriculture Officers
DFPP	Diversify Food Production Project
EMC	Executive Management Committee
FBO	Farmers Based Organisation
FEW	Frontline Extension Workers
FMR	Financial Management Regulation
GAFS	Global Agriculture and Food Security Project
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
IFAD	International Fund for Agricultural Development
LFM	Linking Farmers to Market
MAFFS	Ministry of Agriculture Forestry and Food Security
NPK	Nitrogen Phosphorous and Potassium
PA-PA	Principal Auditor –Performance Audit
PS	Permanent Secretary
PFM	Public Financial Management
RCPRP	Rehabilitation and Community Poverty Reduction Project
SA	Senior Auditor
SDGS	Sustainable Development Goals
SIV	Store Issue Voucher
SLARI	Sierra Leone Agriculture Research Institute
UN	United Nations
WAPP	West African Productivity Project
WFP	World Food Programme

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EXECUTIVE SUMMARY

End hunger, achieve food security and improved nutrition and promote sustainable agriculture is one of the Sustainable Development Goals (SDGs) adopted by United Nations in the year 2015. The Government of Sierra Leone in its transformation strategy known as Vision 2025 pursues a similar goal which is “attaining food security and adequate nutrition”. This is emphasised in the government’s Poverty Reduction Strategy Paper (PRSP III) or the Agenda for Prosperity in which the Government of Sierra Leone (GoSL) emphasises its commitment to addressing food insecurity which is regarded as the root cause of hunger, poverty malnutrition and disease.

Despite the enactment of the above policies and the availability of large tracts of arable land, Sierra Leone still has a staple food crisis. An evaluation commissioned by the World Bank (WB) in 2012 reported that 45% of Sierra Leoneans are food insecure. Three years since the WB report, the situation has worsened as according to the joint 2015 report of the World Food Programme (WFP) and Food and Agriculture Organization (FAO) on the state of food security in Sierra Leone 49.8% of Sierra Leone’s population is food insecure and that 8.6% are severely food insecure.

To address this growing food insecurity problem, the GoSL through its Ministry of Agriculture and Food Security (MAFFS) embarked on the provision of Fertilizer to farmers in a bid to foster increased agricultural productivity. The overall objective of the government’s intervention in this direction for the period 2014 – 2016 was to boost agricultural productivity through the provision of 94,500 50kg bags of inorganic Fertilizer to 750,000 farm families in 13 districts of Sierra Leone.

The Audit Service Sierra Leone (ASSL) conducted this audit to assess whether the fertiliser scheme was properly planned and whether Fertilizer were properly acquired, stored, distributed and its proceeds recovered¹ by the Ministry of Agriculture Forestry and Food Security (MAFFS). The audit was undertaken at MAFFS headquarter in Freetown and its regional offices in three districts namely: Kenema, Tonkolili and Moyamba. Data was collected through review of documents, interviews with key players as well as the physical inspection of stores. The following findings, conclusions and recommendations were reported:

(a) PLANNING THE IMPLEMENTATION OF THE FERTILIZER SCHEME

▪ The lack of a policy document on the management of the fertiliser scheme

A policy document that would have guided the process was not developed hence; the project was implemented without a guiding document. Furthermore, there was no documentation the method and time distribution, utilization and recovery of the said fertiliser will be done, neither were responsible persons or departments that would have undertaken and monitored the above activities agreed upon.

¹ Recovery is the consideration or payment the farmers have to give for Fertilizer given to them. It was Le 110,000 for 50 Kg bag of Fertilizer in 2014 and 2015 and 50 Kg bag of seed rice for 50 Kg bag of Fertilizer in 2016 and 2017.

To Manage a project like a fertiliser scheme without a policy document to guide the process may have undermined the Ministry's ability to effectively monitor the project's progress and subsequently, valid corrective measures and mitigating factors against specific risks may not have been undertaken.

Furthermore, no redistribution criterion was developed by the Ministry to guide the redistribution process of seed rice recovered from fertiliser scheme. The above scenario also made it difficult to determine which farmers were eligible for recoveries (seed rice) and what quantities they were entitled to. This scenario could also have exposed the scheme to the risk of misappropriation of the recoveries.

(b) ACQUISITION OF FERTILIZER

▪ Over pricing of the Purchase price of Fertilizer

A comparison of the unit price paid by MAFFS for specific quantity of fertiliser with the one paid by for instance the Rehabilitation and Community Based Poverty Reduction Project (RCPRP) for the same quantity and quality of fertiliser, in the same period revealed a variance in price of between 201% to 212%. This overpricing resulted in an additional cost on the Ministry of the sum of Le 66,630,940,000 (sixty-six billion, six hundred and thirty million, nine hundred and forty thousand Leones) This additional cost would have been avoided if the Fertilizer had been acquired at the same price as that paid by RCPRP.

▪ Delays in the delivery of the Fertilizer

All of the Fertilizer were scheduled to have been delivered between 5 – 8 weeks after the signing of the contract, however, a comparison of the stipulated delivery dates in the contract with the actual dates of delivery revealed delays of between **26 to 56 weeks and 6 days**.

Shockingly despite these very long delays which subsequently negatively affected the farmers, MAFFS did not take any action against the defaulting suppliers. As if failing to bring to book the errant suppliers was not bad enough, rather strangely, MAFFS went on to sign another contract with Okar Agency one of the defaulting contractors, in 2016 for the supply of a new consignment of fertiliser

Delays in the delivery of the Fertilizer may have greatly affected the productivity of the farmers as they were unable to apply the first Fertilizer at the appropriate time in the farming season.

▪ Fertilizer supplied did not meet the required technical specifications

The contract agreement signed on the 6th of September 2016 between MAFFS and Balsam Enterprise stipulated that NPK 20:20:20 fertiliser with a chemical composition of 20% Nitrogen, 20% Phosphorus and 20% Potassium should be the variety to be supplied to the scheme. All the technical specifications stipulated in the Ministry's, bidding documents in respect of the signed contract agreement were also all done in respect of NPK 20:20:20.

However, physical inspection of the Fertilizer delivered to MAFFS revealed that the supplier delivered NPK 0:20:20 instead of NPK 20:20:20. This means that the fertiliser supplied had 0% Nitrogen, 20%

Phosphorus and 20 % Potassium. Simply put, the supplier did not meet the stipulated requirements in the contract.

According to SLARI's "Fertiliser Use and Handling Guide", nitrogen is the primary fertiliser based microelement required for rice production and it is required at higher amounts than other nutrients² hence deficiency can lead to a decrease in the quality and quantity of the yield, and subsequently therefore undermine the food security objective of the programme.

▪ **Damaged Fertilizer not claimed from suppliers**

During physical examination of MAFFS Mechanical Stores at the Kissy warehouse in Freetown, we observed that 180 bags of Fertilizer worth USD\$ 13,140 were damaged. In an interview with the Chief Storekeeper, it was revealed that although the Fertilizer were received in a damaged condition no action was however taken by the vote controller to ensure the replacement of these damaged Fertilizer by the suppliers.

(c) MANAGEMENT OF FERTILIZER TORES

▪ **Missing Fertilizer in MAFFS stores - Kissy**

A review of the fertiliser ledger maintained by MAFFS at their Kissy stores revealed that the opening balance of Fertilizer in store for the year 2014 was 9,976 bags (50 kg each). Another 30,000 bags were delivered in the period 2014-2016. Total distribution for the same period was recorded at 38,038 bags. From the above figures, the closing balance was expected to be 1,938 bags as detailed in the table below:

Period	Opening balance (A)	Acquisition (B)	Distribution (C)	Closing balance (D) = (A) + (B) – (C)
2014 – 2016	9,976	30,000	38,038	1,938

During a physical inspection of MAFFS stores at Kissy on the 8th of April, 2017 however, we observed that **no Fertilizer** were brought forward from the year 2016. The only Fertilizer that were available in stores were those delivered in 2017. This was also confirmed in an interview with the Acting Chief Storekeeper who could not explain the reason behind the missing **1,938 bags** of fertiliser worth **USD 234,498**.

▪ **Poor storage condition for Fertilizer**

Physical inspection of MAFFS Mechanical Stores at Kissy, Freetown, and the district stores in Kenema, Moyamba and Tonkolili showed that the stores were not conducive for the proper storage of fertiliser as the roofs were leaky, the walls cracked and pallets for the proper storage of the fertiliser were insufficient. These hazardous conditions may have caused 2,087 bags of Fertilizer worth **USD 279,798** to perish.

² SLARI fertiliser use and handling guide, profitable agriculture, series No1. January, 2012; page 5.

▪ **Inappropriate stacking of Fertilizer**

As part of the audit process, we had planned to carry out a stocktake of Fertilizer stored at the Kissy warehouse. However, the poor stacking of the Fertilizer in the three locations did not make this possible. The quantity of Fertilizer at the aforementioned stores as per the various storekeepers' reports of 23rd February 2017 was **120,700 bags of 50kg Fertilizer worth USD 8,811,100**. The manner in which the Fertilizer in question were stacked at the Kissy warehouse made it difficult to conduct stocktakes by either auditors or by the Ministry. The awkward stacking of the Fertilizer poses the high risk of error or theft of goods occurring undetected.

▪ **Unauthorised store issue**

A review of the store ledger and requisition forms for **4,119 bags** of Fertilizer supplied to Kenema and Moyamba Districts in 2016 revealed that only **2,525 bags** were authorised for release by the DAO. The remaining **1,594 bags** worth **USD 192,874** were released from stock without the DAO's authorisation. There is the risk that these 1,594 bags of Fertilizer were misappropriated.

(d) DISTRIBUTION OF FERTILIZER

▪ **Failure to prepare a fertiliser distribution plan**

Interviews with the Chief Agriculture Officer, the Director of Crops and the Director of Extension at MAFFS revealed that the Ministry did not have a distribution plan in place for the distribution of Fertilizer to farmers in various districts for the period under review. This allegation was also confirmed in interviews with the District Agricultural Officers of Kenema, Moyamba and Tonkolili.

Lack of a plan meant that it was difficult for the district agriculture personnel to know when Fertilizer should be distributed, to whom, how and where it should be stored. The absence of a fertiliser distribution plan also resulted in the following:

- (a) A delay of three and half months in the distribution of Fertilizer to farmers undermined yield
- (b) Unfairness in the distribution of Fertilizer as in cases where some ABCs that were entitled to the Fertilizer were not supplied.
- (c) Duplication in the distribution of Fertilizer as in the case of 8 FBOs that received Fertilizer from both MAFFS and LFM.

▪ **Distribution of perished and unserviceable Fertilizer**

The review of stock records at MAFFS mechanical store at Kissy warehouse revealed that **1,819 bags** of Fertilizer were verified between the 6th of October 2014 and the 29th of January, 2015 by Stock Verifiers of the Accountant General's Department and declared unserviceable. Their report also indicated that these Fertilizer were damaged because of the poor conditions in which they were stored and this damage resulted in a loss of **USD 260,117** to the government and people of Sierra Leone.

These Fertilizer were distributed to farmers per the authorization of the Permanent Secretary without tests being carried out to determine their potency or the effect they may have on crops and users.

▪ **Fictitious distribution of Fertilizer**

There was an anomaly in the quantity of Fertilizer supplied to farmers in Tonkolili. Farmers in this district did not receive the quantity of Fertilizer that were due them. Out of 2,192 bags of Fertilizer received by MAFFS headquarters for distribution to farmers in 2016 the difference between what is reported as distributed as confirmed by FBOs and BESs revealed that 48 bags worth USD 25,410 did not reach the farmers for whom it was intended. It is important to note that food security cannot be achieved if Fertilizer continue to be misappropriated

(e) RECOVERY

▪ **Low recovery of cost of fertiliser**

From a review of store ledgers and store issue vouchers for the period 2014 and 2015, we noted that 21,813 bags of Fertilizer (50kg each) were distributed to FBOs on a cost recovery basis at Le110, 000 per 50kg bag. The total expected cash recoverable from the Fertilizer was Le 2,399,430,000 (two billion, three hundred and ninety-nine million, and four hundred and thirty thousand). However, a review of the fertiliser bank account statement showed that only payments amounting to Le 1,452,950,000 (one billion, four hundred and fifty-two million, and nine hundred and fifty thousand) representing 13,209 bags of Fertilizer were recovered. This means 8,604 bags valued at Le. 946,480,000 were unrecovered as at the time of the audit. The recovery rate of the cost recovery price of the said fertiliser therefore stands at 61% as against 39% yet to be recovered since the audit.

▪ **Low recovery of in kind basis proceeds**

During field visits to Kenema, Moyamba and Tonkolili Districts, we reviewed SIV and BES data sheets and stores. We also noted that **6,311** bags of Fertilizer were distributed to farmers in 2016 and the total expected recoveries from these should have been for **6,311** bags of seed rice (50kg each bag). However, we noted that only **1,374** bags of 50kg were recovered. This represented 22% of the expected recovery from Fertilizer distributed to farmers leaving **78%** unrecovered.

▪ **Diversion of recovered fertiliser funds**

A review of the 2014 to 2016 bank statements of the fertiliser recovery account revealed that **Le 1,614,618,888** was withdrawn from the account, but for which there was no supporting document that explained the reason either for the withdrawal or whether this money was expended on the Fertiliser Revolving Scheme for which the withdrawal was intended. The failure to utilise this fund in the interest of the Scheme may undermine the success of the project.

Missing seed rice for fertiliser proceeds

A review of the recovery and re-distribution list from Block Extension Supervisors of the three selected districts revealed that 1,374 bags of seed rice (50kg) were recovered for the period under review however, only 104 bags were redistributed from the stores leaving **1,281 bags** of 50kg undistributed. Physical

verification of the blocks and ABC stores showed no seed rice in all the facilities visited. The missing rice in question represented 93% of seed rice recovered from the fertiliser.

(f) RECORD MANAGEMENT

▪ Inadequate management of records

Evidence of Fertilizer distributed to some farmers showed that they received less than what was due them. From a review of SIVs, we noted that Fertilizer due distribution should be accounted for thus: the name and signatures of the issuer, the name and signature of the recipient, the quantity, type of item issued from stock, as well as the date of issue should be properly documented. There was however no record of registered farmers as required by MAFFS to whom the Fertilizer were distributed. At the time of the audit furthermore, requests were made for the list of farmers that were registered in Kenema, Moyamba and Tonkolili for distribution purposes but none was provided for any of the three districts. In addition, it was discovered that recovery records were poorly managed. In 2016, the fertiliser distribution details showed that **16,225 bags** of Fertilizer were distributed to farmers all over the country however, MAFFS was unable to produce documentary evidence in respect of the recovery of 16,225 bags of seed rice (50 Kg) in exchange of which the Fertilizer were allocated.

In the absence of proper management of records of the fertiliser scheme, it was difficult for MAFFS to recover the required payments for the fertiliser. This situation negatively impacted the management of this scheme.

OVERALL CONCLUSION

Although we acknowledge the immense progress that has been made by MAFFS in the area of provision of fertiliser for farmers, we should however point out that the scheme was largely poorly managed.

From planning to the recovery phases, there were major issues that hindered the success of the scheme.

(a) there was no policy document to guide the implementation of the scheme; (b) extreme **over** pricing of the purchase price of the Fertilizer ; (c) Delays in the distribution and delivery of the Fertilizer and the failure of MAFFS to ensure adherence to the technical specifications required for the quality of the Fertilizer supplied; (d) misappropriation of both Fertilizer and seed rice recovered from the fertiliser scheme; and (e) diversion of moneys recovered from the fertiliser scheme.

OVERALL RECOMMENDATIONS

- The Ministry should formulate a policy that would guide the management of the fertiliser distribution programme and which can also mitigate problems associated with acquisition, distribution and recovery of proceeds from the scheme.
- MAFFS should endeavour to observe laws and regulations, and ensure compliance with procurement laws. It should further endeavour to be more transparent in its dealings by ensuring

that the Fertilizer are purchased at the correct market price so as to ensure that value for money is achieved. The provisions of the Financial Management Regulations of 2007 related to the management of public stores should be observed and complied with to avoid the mismanagement of fertiliser.

- MAFFS should ensure that contracts signed with suppliers are effectively managed and ensure adequate compliance in respect of the supply of the required quality of Fertilizer purchased as well as their timely delivery.
- MAFFS should investigate all malpractices that may encumber the proper management of the fertiliser scheme at all phases of the project from acquisition, distribution to the recovery phases. It should also hold staff involved in malpractices accountable.
- MAFFS should further ensure that the distribution and recovery of proceeds from farmers are properly planned and implemented, and that records are kept of these for proper follow ups and accountability purposes.

1 INTRODUCTION

1.1 BACKGROUND

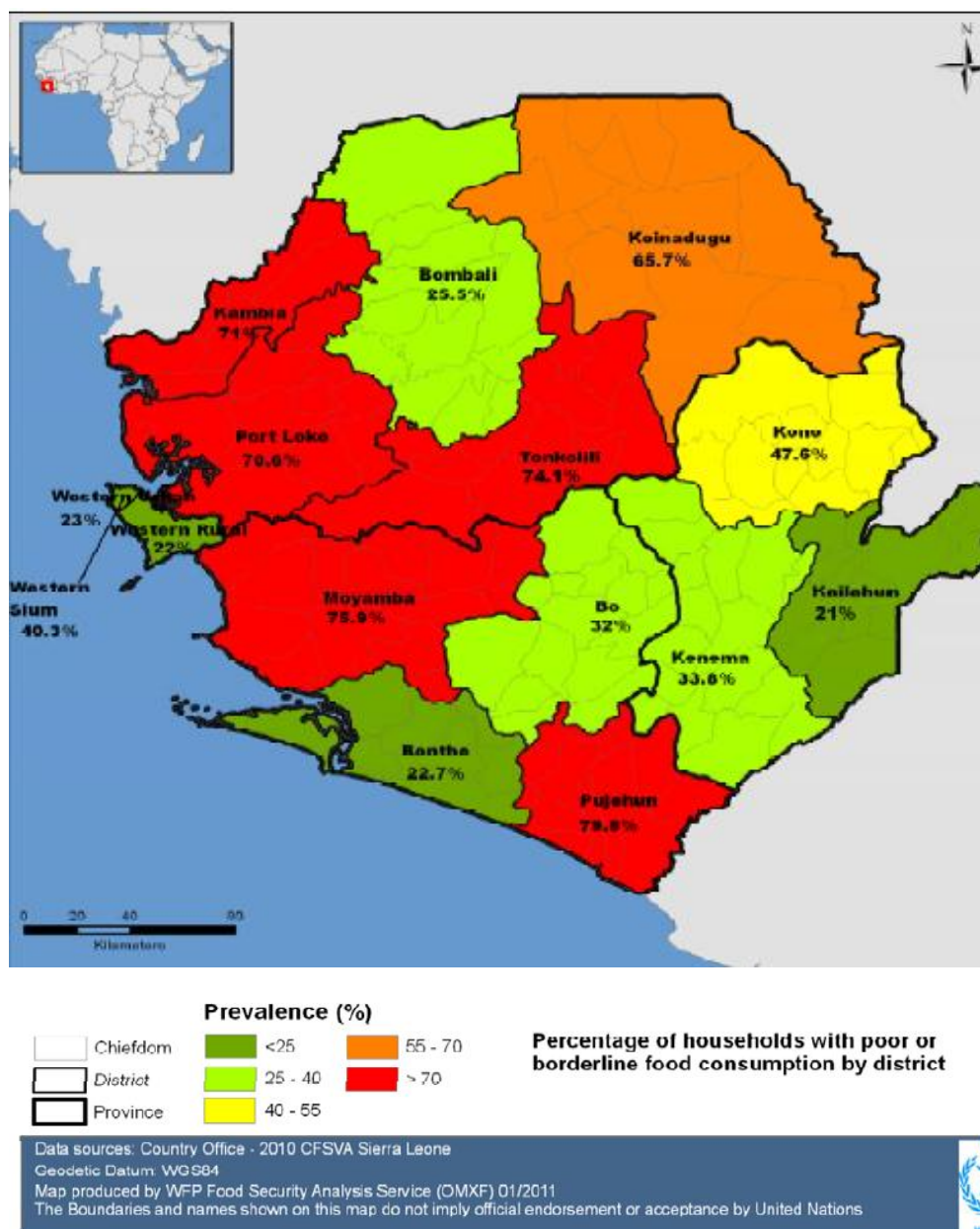
The eradication of hunger, the attainment of food security and improved nutrition is one of Sustainable Development Goals (SDGs) adopted by United Nations in the year 2015. The Government of Sierra Leone's transformation strategy – Vision 2025 shares a similar goal with the UN which is that of “attaining food security and adequate nutrition”. This is emphasised in the third government Poverty Reduction Strategy Paper also known as PRSP III or the Agenda for Prosperity. In this document, the Government of Sierra Leone (GoSL) is committed to addressing the problem of high levels of food insecurity which is considered a root cause of hunger, malnutrition and disease.³

Sierra Leone is endowed with enormous natural resources but our inability to properly manage these resources coupled with low food productivity levels hinder effective food security and perpetrates poverty among the population. Agriculture in Sierra Leone is rudimentary and access to modern and improved technical capacity, Fertilizer and appropriate farm machinery is limited. Despite this, the agricultural sector remains the largest employer. 60 - 65% of Sierra Leone's workforce is engaged in agriculture. This sector also contributes 54% of the country's GDP⁴.

According to an evaluation commissioned by the World Bank (WB) in 2012, 45% of Sierra Leone's population is food insecure with 6.5% of these being severely food insecure. The figure below depicts the prevalence of food insecurity per district in Sierra Leone.

³ Sierra Leone's third generation - Poverty Reduction Strategy Paper, 2013-2018, page 107.

⁴ Presidential address on the occasion of State Opening of the fifth Parliament session of the fourth parliament of the second republic of Sierra Leone



Three years after the WB report, the situation has worsened as reported in the 2015 joint report of the World Food Programme (WFP) and the Food and Agriculture Organization (FAO) on the state of food security in Sierra Leone. This report revealed that 49.8% of Sierra Leone's population is food insecure. Of this number, 8.6% is severely food insecure.⁵ To address this growing food insecurity problem, the GoSL through its Ministry of Agriculture and Food Security (MAFFS) embarked on the provision of Fertilizer to farmers among others in a bid to foster increased agricultural productivity. The overall objective of the government's intervention in this direction for the period 2014 – 2016 was to boost agricultural

⁵ State of food security in Sierra Leone, 2015, page 37

productivity through the provision of 94,500 50 kg bags of inorganic Fertilizer to 750,000 farm families in the 13 districts in Sierra Leone⁶.

1.2 MOTIVATION FOR THE AUDIT

Since Sierra Leone's independence, self-sufficiency in rice production has been a key objective of the government's agricultural development policy among others. However, government's intervention in this direction in the last two decades has not been very successful to say the least

Soil fertility levels have been reportedly declining. This is evidenced from the prolonged period of bush fallow lately, poor crop yields, reduction in chemical properties in the soil, low crop nutrient uptake and soil nutrient imbalances. Soil fertility decline necessitates the need for soil fertility restoration and maintenance has necessitated the use of Fertilizer⁷. To remedy the above situation during the period 2014 – 2016, MAFFS purchased **280,000** 50 kg bags of fertiliser (each) at **\$22,367,500** in a bid to increase agricultural output⁸.

However, some of the Fertilizer purchased were not properly managed in a manner that would have enabled MAFFS meet the expected objective of increased agricultural productivity and the attainment of food security in rice production. Below are abstracts of reports on the mismanagement of the fertiliser for rice/money project in some of our local newspapers:

In July 2016, the "Sierra Leone Telegraph" reported that the Ministry is engulfed in a web of corruption and misappropriation of funds including the disappearance of millions of dollars from their budget. The problems of late allocation and distribution of seeds, misuse Fertilizer and machinery became such a national scandal that the paper described the situation as a threat to the national objective of Sierra Leone's food self-sufficiency programme⁹.

In October 2016, the "Sierra Leone Telegraph" further reported that Fertilizer donated by the international community to poor farming communities had been misappropriated by unscrupulous public officials. In some cases according to the paper, the Fertilizer were illegally sold to fraudulent businessmen in neighbouring countries¹⁰. In November 2016, the Standard Times and Concord Times newspapers also reported the theft of 980 bags of Fertilizer from MAFFS central stores at Kissy¹¹.

⁶ www.maffs.gov.sl

⁷ A Rapid Appraisal of the Agri-Inputs Markets in Sierra Leone X

⁸ MAFFS Fertiliser Contract Documents

⁹ <http://www.thesierraleonetelegraph.com/?p=13106>

¹⁰ <http://www.thesierraleonetelegraph.com/?p=14017>

¹¹ slconcordtimes.com/chief-security-testifies-in-534000-worth-of-fertilizer-theft/

As a result of the magnitude of the alleged corrupt practices in the fertiliser project, the amount of money involved in the alleged fraud and its implication for food security for the people of Sierra Leone coupled with the massive public outcry, the Audit Service Sierra Leone (ASSL) was compelled to conduct this audit in order to assess the management of the MAFFS fertiliser scheme in question.

1.3 AUDIT DESIGN

1.3.1 Audit objective

The objective of the audit was to assess whether the fertiliser scheme was properly planned and that fertiliser were properly acquired, stored, distributed and that proceeds from the fertiliser scheme were recovered by the Ministry of Agriculture Forestry and Food Security (MAFFS).

1.3.2 Audit questions

To achieve the audit objectives, the following audit questions were raised.

1. How adequate was the planning for the fertiliser scheme?
2. Were laid down policies and regulations for the acquisition of Fertilizer followed?
3. Were Fertilizer properly distributed to farmers?
4. What was the recovery rate of proceeds from the fertiliser scheme?

1.3.3 Audit criteria

The criteria for the audit were obtained from pertinent Acts, regulations and policies that the Ministry used in the management of the fertiliser project as listed below:

- Concept note on bulk purchase of Fertilizer
- Fertiliser contract documents
- Procurement Act, 2004
- Procurement Regulation, 2006
- Procurement Act, 2016
- Financial Management Regulation, 2007

1.3.4 Scope

The audit client is the Ministry of Agriculture Forestry and Food Security (MAFFS). The audit focussed on the management of Fertilizer for the period 1st of January, 2014 to 31st of December, 2016. Fertilizer distributed in 2017 were however included in the scope. The audit was carried out at MAFFS headquarters in Freetown, selected district offices, MAFFS stores, local councils and farm houses in the selected districts.

1.3.5 Sampling

The sample for this audit was 3 out of the 13 districts in Sierra Leone. These districts are Kenema, Tonkolili and Moyamba. The districts were selected mainly because (as seen in the table below), they were

the districts that received the highest allocation of Fertilizer in their regions from the Ministry for the year 2016. From a total of 750,000 farm houses nationwide 60 farm houses were selected from each of these 3 districts. Making a total of 180 farm houses that were considered in each of the 3 selected districts.¹²

Table indicating the amount of Fertilizer distributed per region in 2016			
Regions	Districts	Amount distributed	% of coverage by sample
Western Region	Western Rural	0	
Eastern Region	Kono	536	
Eastern Region	Kenema	2,574	16%
Eastern Region	Kailahun	2,666	
Subtotal in Eastern region		5,776	
Northern Region	Bombali	1,497	
Northern Region	Port Loko	480	
Northern Region	Tonkolili	2,192	14%
Northern Region	Kambia	1,390	
Northern Region	Koinadugu	941	
Subtotal in Northern region		6,500	
Southern Region	Bonthe	65	
Southern Region	BO	1,401	
Southern Region	Moyamba	1,545	10%
Southern Region	Pujehun	938	
Subtotal in Southern region		3,949	
Grand total		16,225	40%

1.3.6 Methods of data collection and analysis

Document review

Documents were reviewed in order to obtain sufficient, appropriate and reliable audit evidence on the operations, processes and procedures involved in the management of Fertilizer, and to source corroborative information from interviews and physical inspection. See **Appendix I** for list of documents reviewed.

Interviews

Key personnel of the Ministry, family members of farm houses and other organisations involved in the management of Fertilizer were interviewed to obtain relevant information, and a better understanding of how the fertiliser project was managed by the Ministry. See **Appendix II** for the list of personnel interviewed.

Physical inspection

Physical inspection was done on the MAFFS central and district agricultural stores to verify the processes involved in the storage of Fertilizer, and also to confirm information on the distribution of Fertilizer that was provided to the audit team. Farm sites and Agriculture Business Organisations (ABOs) stores were also inspected.

¹² Bulk Purchase of Fertiliser

2 DESCRIPTION OF THE AUDIT AREA

2.1 REGULATORY FRAMEWORK

The Public Procurement Act, 2004

It is an Act that establishes the National Public Procurement Authority (NPPA), and is meant to regulate and harmonise public procurement processes in the public service, decentralise public procurement in procuring entities, promote economic development including capacity building in the field of public procurement by ensuring value for money in public expenditures, and the participation in public procurement by qualified suppliers, contractors, consultants and other qualified providers of goods, works and services, and to provide for other related matters. Acquisition of Fertilizer by MAFFS before June, 2016 falls under the ambit of this Act since MAFFS is a public entity. This act was repealed by the Public Procurement Act, 2016 and only applicable for public procurement before June, 2016.

Regulations on Public Procurement – 2006

In the exercise of the powers conferred on the NPPA by subsection (1) of section 68 of the Public Procurement Act, 2004 the Authority makes the following regulations contained in the Regulations on Public Procurement 2006 as guidelines that directs how the legal provisions of the Procurement Act 2004 should be applied.

The Public Procurement Act, 2016

It is an Act that makes provision for the continuance in existence of the NPPA so that it can further regulate and harmonise public procurement processes in the public service, decentralize public procurement in procuring entities, promote economic development including capacity building in the field of public procurement by ensuring value for money in public expenditures and the participation in public procurement by qualified suppliers, contractors, consultants and other qualified providers of goods, works and services and to provide for other related matters.

Section 69 subsection 1 repealed the Public Procurement Act of 2004. This Act further regulated the acquisition of Fertilizer acquired in 2016. Subsection 2 states “Notwithstanding the repeal of the Public Procurement Act, 2004 under subsection 1, any order, rules, notices or regulation made under the repealed Act and in force immediately before the coming into force of this Act shall, unless revoked, continue in force.” Acquisition of Fertilizer by MAFFS during and after June, 2016 falls under the purview of this Act.

The Government Budgeting and Accountability Act, 2005

This is an Act to secure transparency and accountability in the appropriation, control and management of the finances and other financial resources of Sierra Leone and to provide for other related matters. This act was repealed by the Public Financial Management Act, 2016 and only applicable up to January, 2017 when the new act takes effect.

Financial Management Regulation, 2007

In the exercise of the powers conferred on the Ministry of Finance and Economic Development by section 82 of the Government Budgeting and Accountability Act, 2005, the Ministry makes the following regulations contained in the 2007 Public Financial Management Regulation as guidelines that dictate how the legal provisions of the Government Budgeting and Accountability Act, should be applied. Part XII, XIII and Part XIV relate to government stores, stores classification and stores accounting procedures. These should guide the storage, stock taking and store accounting procedures of Fertilizer acquired by MAFFS.

The Public Financial Management Act, 2016

This is an act to make provision for the prudent, efficient effective and transparent management and use of public financial resources and to provide for other related matters. Section 124 (1) repealed the Government Budgeting and Accountability Act, 2005.

2.2 MANDATE OF MAFFS

The core mandate of the Ministry of Agriculture, Forestry and Food Security is to formulate agricultural development policies, and to advise the government on such policies that relate to the administration and management of Sierra Leone's agricultural sector¹³.

2.3 MISSION OF MAFFS

The mission of MAFFS is to develop, implement and adopt appropriate policies, programmes and institutional management systems geared towards enhancing agricultural development through the promotion of commercialization and the private sector¹⁴.

2.4 VISION OF MAFFS

The vision of MAFFS is to make Agriculture the “Engine” for socio-economic growth and development geared towards achieving food security, employment opportunities, and poverty reduction¹⁵.

2.5 OBJECTIVE OF MAFFS

The overall objective of the Ministry was to boost agricultural productivity through provision of 94,500 bags (50 kg packages) of Fertilizer to 750,000 farmers in all the districts in Sierra Leone between the years 2014 and 2016, and also contribute to the realisation of sustainable food security for farmers¹⁶.

¹³ <http://maffs.gov.sl/about-us/what-we-do>

¹⁴ MAFFS service charter

¹⁵ MAFFS service charter

¹⁶ Concept Note: Provision of Fertilizer to Farmers in Sierra Leone

2.5.1 SPECIFIC OBJECTIVES

Specific objectives include:

- Enhancing utilisation of Fertilizer in all agro-ecologies
- Ensuring that Fertilizer reach the targeted farmers promptly in line with the farming calendar
- Minimising expenditure on Fertilizer through price reduction
- Increasing productivity, the quality of crops and the income levels of farmers

2.6 ORGANIZATIONAL STRUCTURE

The Ministry is headed by a Minister who is assisted by two deputy Ministers. The Ministry is divided into a professional wing headed by the Chief Agricultural Officer, and an administrative wing headed by the Permanent Secretary. The professional wing houses two directorates that are related to the management of Fertilizer. These are:

The Extension Directorate

This Directorate is responsible for the implementation and monitoring of the distribution of Fertilizer to the farmer based organizations. It is also charged with the responsibility of advising farmers on the use of Fertilizer.

The Crop Directorate

The Crops Division of MAFFS works closely with the local councils as well as the Sierra Leone Agricultural Research Institute (SLARI) to ensure synergy in the provision of agricultural support to farmers. The Directorate also ensures that the appropriate Fertilizer acquired with the help of SLARI. This Directorate further engaged local councils, chiefdom councils and civil society organizations to ensure transparency and accountability in the implementation of the fertiliser programme. See **Appendix III** for the organisational structure of MAFFS.

District Office

The Ministry's headquarters structure is replicated in every district with the various divisions headed by Subject Matter Specialist (SMS). The district offices are headed by District Agricultural Officers. Each district is divided into Agricultural Blocks and each block contains Circles with each block headed by a Block Extension Supervisor (BES) and each circle by a Frontline Extension Worker (FEW). Agricultural Business Centres (ABCs) are established in these blocks and circles. These ABCs comprise Farmer Based Organisations (FBOs) which are off shoots of Farmer Field Schools (FFS).

THE MANAGEMENT OF FERTILIZER

Fertiliser is a chemical or natural substance added to the soil or land to increase its fertility. It is simply food for plants. Plants require 17 essential soil nutrients for their survival and growth. Fertilizer help replenish these nutrients after each harvest. The processes involved in the management of Fertilizer are as follows;

2.6.1 Fertiliser acquisition

The process of acquisition of fertiliser before June, 2016 was done in accordance with the Public Procurement Act of 2004, and the Public Procurement Regulation of 2006 any procurement thereafter, should be guided by the Public Procurement Act of 2016.

Fertilizer are acquired by both the Government of Sierra Leone through MAFFS and by non-governmental organisations through various projects. The list of projects that procured Fertilizer on behalf of the government for the period under review were:

1. West African Agricultural Productivity Project (WAAPP)
2. Rehabilitation and Community Based Poverty Reduction Project (RCPRP)
3. Linking Farmers to Market (LFM)
4. Diversify Food Production Project (DFPP)
5. Global Agriculture and Food Security (GAFS)
6. Oil Palm Project
7. International Fund for Agricultural Development (IFAD)

The types of Fertilizer acquired were Nitrogen, Phosphorous and Potassium (NPK 20 20 20, NPK 15 15 15, NPK 0 20 20), Di-Amonium Phosphate (DAP) and UREA 46%. These Fertilizer were imported by Okar Agency, Amjam Co. Ltd, Balsam Enterprises, Amjaru Co. Ltd and Royal International Supplies which are all businesses registered in Sierra Leone.

2.6.2 Storage of Fertilizer

Upon delivery of Fertilizer by suppliers, they are first stored in the MAFFS's Central Mechanical Store in Kissy, Freetown. Upon the approval of the Executive Management Committee (EMC) (which comprises the three ministers, the Chief Agricultural Officer, the Permanent Secretary and the two Deputy Chief Agricultural Officers). They are later transferred to all the district stores from which they are distributed to the districts and subsequently to farmers. The Central Mechanical Stores and all district stores are owned and controlled by MAFFS. However, if the Fertilizer are stored at Block level that is in stores owned by the communities or projects which are managed by the ABC Chairpersons the consignment is supervised by the Block Extension Officer of MAFFS. In spite of its place of storage, the ownership of the Fertilizer still rests with MAFFS.

According to SLARI's Fertiliser Use and Handling Guide Series No. 1 of January, 2012, for effective fertiliser storage, one needs to ensure a leak free roof, a clean environmentally friendly building, a dry litter free floor, wooden pallets to ensure that the fertiliser bags do not come into contact with walls, floors or ceilings and to also ensure that the bags are kept dry. Pallets also facilitate effective circulation of air.

2.6.3 Management of Fertiliser Stock

According to the FMR of 2007, stock management of fertiliser should be done either manually or in an automated manner. Store records and procedures should be maintained in accordance with the FMR, 2007. The FMR states among others that stocks are to be recorded on ledger and supported by store issue vouchers, store receipt vouchers and approved requisition. Movement of Fertilizer from one store to another should be done upon request authorized by the vote controller.

2.6.4 Distribution of Fertilizer

Before Fertilizer are distributed to the district stores, the District Agriculture Officer (DAO) sends the list of beneficiaries to the Chief Agricultural Officer (CAO) at MAFFS headquarters. When the list is received by the CAO, it is presented to the EMC for endorsement. Upon endorsement of the list, an official letter is sent to the Chief Store Keeper from the Permanent Secretary informing him of the quantity of Fertilizer approved for distribution to each district store.

The District Store Keeper receives the Fertilizer and reports to the DAO who then informs the distribution team which comprises of the Block Extension Supervisor (BES), Crop Officer and Monitoring and Evacuation Officer. The Store Keeper then makes a request for the supply of Fertilizer to the FBO's which request should be approved by the DAO. The BES informs the ABC Chairman about the quality and quantity of the fertiliser to be distributed so that he/she can make arrangements for storage. The fertiliser is then transported from the district store to the blocks store. After the fertiliser has been stored, the DAO then instructs the Frontline Extension Workers (FEW) to inform the farmers who are beneficiaries of the fertiliser. The fertiliser is then distributed to FBOs by the BES.

2.6.5 Criteria for fertiliser allocation

MAFFS

The beneficiary farmer should be a registered member of a farmer based organization

The beneficiary farmer should have received seed rice of one bushel and above from MAFFS

Projects

For LFM, the farmer should be a vegetable grower

For the oil palm project, the farmer should be a palm tree grower

2.6.6 Recording of Beneficiaries

According to the FMR, the recording of beneficiaries was to be done both manually as well as by a computerised system. The name of the FBO should also be recorded on the list of beneficiaries and every year, a debtors list should be produced. The Fertilizer are distributed to FBO's and one person from that FBO should sign the store issue voucher (SIV).

2.6.7 Recovery of Fertilizer

Two methods were used to recover payments for Fertilizer during the period under review:

I. Cash Basis

In 2014 – 2015 Fertilizer were recovered on a cash basis. A transacting FBO for instance pays directly to the MAFFS bank account. For e.g. for a 50 kg bag of fertiliser the sum of Le 110, 000 is paid into the account and a copy of the payment slip issued for such a transaction is sent to the PS who then advises the storekeeper to issue the fertiliser to the FBO in question.

II. In Kind Basis

In 2016, recovery was done on in kind basis in the form of seed rice. The EBS /FEW collects all the rice given in kind in exchange for fertiliser from farmers at block level and records them. The rice collected is either stored in ABCs' or district stores depending on the proximity. The Monitoring and Evaluation officer, Crop Officer and District Agriculture Officer verify the quality and quantity of seed rice received. The rice once approved is collected and redistributed either to new farmers that didn't benefit from the previous allocation or to farmers who had a good recovery record.

2.7 ROLES AND RESPONSIBILITIES OF KEY PLAYERS

Local Authorities

Local authorities such as local councils, chiefs and civil society organisations (CSOs) are part of the Fertiliser Recovery Scheme. The above mentioned bodies were included in the scheme to ensure transparency and accountability particularly during the implementation phase of the project. By helping with the recovery process, these partners contributed to ensuring the effective management of the fertiliser project. They also helped to mitigate problems with defaulters. Chiefdom elders also provided security for FBOs.

Development Partners

Donor agencies such as the World Bank, the Islamic Development Bank, the European Union, the Islamic Fund for Agricultural Development and the United Kingdom Department for International Development (DFID) were involved in the financing, purchase and distribution of agricultural inputs.

Agricultural Business Centres

These are agro-business organisations whose main responsibility is to buy agricultural inputs on a wholesale basis from the Ministry and in turn retail them to the farmers within their various localities. They also provide storage facilities for farmers and buy farm produce from them.

Sierra Leone Agricultural Research Institute (SLARI)

The Institute was established in 2007 by an Act of parliament. Its mission is to support agricultural development through increased productivity by the generation and promotion of innovative technology and the empowerment of stakeholders. A research undertaken by the Institute gives an estimate of the quantity of fertiliser required per hectare of land.

2.8 RESOURCE ALLOCATION

GoSL funds the purchase of MAFFS Fertilizer. For the period under review (2014 – 2016), US\$ 22,367,500 was spent on the acquisition of Fertilizer. See details in the table below:

Quantity and cost of Fertilizer procured by MAFFS						
No.	Reference of contract	Contractor	Contract signing Date	Date of delivery	Quantity of Fertilizer (50kg) bags	Cost (\$)
1	MAFFS/FS/ICB /2013/2014	Royal International Supplies	5 th November 2015	30 th June 2014	12,000	1,718,000
2	MAFFS/FS/ICB / 2014/003	OKAR Agency	16 th December 2014	18 th January 2016	18,000	2,184,500
3	MAFFS/FS/RB/ 2016/03	AMJAM Co. Ltd.	5 th September 2016	15 th August 2017	90,000	6,660,000
4	MAFFS/FS/RB/ 2016/01	BALSAM Enterprise	5 th September 2016	6 th March 2017	60,000	4,380,000
5	MAFFS/FS/RB/ 2016/02	OKAR Agency	6 th September 2016	6 th March 2017	100,000	7,425,000
	TOTAL				280,000	22,367,500

Source: Contracts between MAFFS and suppliers

The Procurement Officer at MAFFS admitted that the 2015 contract was rescinded although he did not provide the files in respect of such for audit inspection.

3 FINDINGS

3.1 PLANNING THE IMPLEMENTATION OF THE FERTILIZER SCHEME

3.1.1 Lack of a policy document on the management of the fertiliser scheme

For a programme to be successful, it requires a documentation of the implementation strategy (policy document) in which the objectives of the programme, activities to be undertaken, key performance indicators, resources required, stakeholders to be consulted including their roles and responsibilities are entailed. The implementation and roll out plan should include the programme's start off date and its maturity level. This plan also ensures that the implementers of the programme remain focused on the programme objectives.

A policy document was not developed for the management of the fertiliser scheme hence the scheme was implemented without a guiding document. There was also no documentation to guide the acquisition, distribution, utilisation and recovery of the fertiliser proceeds in terms of methodology, responsible personnel and the period within which recovery should be completed.

The absence of a policy document to guide the management of the scheme may have also undermined the Ministry's ability to effectively monitor the project's progress. Subsequently, valid corrective actions and mitigating factors against specific risks could not be undertaken.

Recommendation

The Ministry should formulate a policy that would guide the management of the fertiliser scheme and also help mitigate problems associated with acquisition, distribution and recovery.

Management response

The PS in his response said that the Chief Agriculture Officer did not provide a response to the finding.

3.1.2 Lack of a set criteria for the redistribution of proceeds from the fertiliser scheme

According to the fertiliser scheme's bulk purchase document, the overall objective was to boost agricultural productivity through provision of 94,500 bags (50kg packages) of inorganic Fertilizer to 750,000 farmers in the 13 districts of Sierra Leone. The scheme provided for the Fertilizer to be distributed to FBOs in different ABCs in all the districts and seed rice recovered as consideration for the fertiliser to be distributed to farmers in the 13 districts¹⁷.

Documents reviewed and interviews conducted with farmers revealed that fertiliser recoveries were redistributed to farmers. However, no redistribution criterion was developed by the Ministry to help guide

¹⁷ Concept Note, Provision of Fertilizer to farmers in Sierra Leone, MAFFS, Page 3

the process hence it was impossible to determine which farmers were eligible for recoveries in the form of seed rice, and to what quantity they were entitled. This anomaly exacerbated the risk of misappropriation of recoveries.

Recommendation

In developing a policy on the management of Fertilizer, MAFFS should include certain criteria for the redistribution of proceeds from the fertiliser scheme to ensure that recoveries are properly redistributed to the targeted farming populations and also mitigate the risk of misappropriation.

Management response

The PS responded that the Chief Agriculture Officer did not provide a response to the finding.

3.2 ACQUISITION OF FERTILIZER

3.2.1 Over pricing of Fertilizer

Section 2 (j) of the Financial Management Regulation of 2007 states that the vote controller should ensure value for money in the use of public funds. This is also stressed in the Public Procurement Act of 2016 in Section 29 thus: (1) that procuring entities should undertake a procurement plan with a view to achieving maximum value for public expenditures.

Contrary to the above requirement however, the audit revealed that MAFFS procured Fertilizer at extremely high prices compared to the prices paid by other suppliers of Fertilizer to farmers in Sierra Leone. A comparison of the unit price paid by MAFFS with the one paid for example by the Rehabilitation and Community Based Poverty Reduction Project (RCPRP) revealed a variance in price of between 201% to 212%. This apparent over pricing cost the Ministry a loss of **Le 66,630,940,000** which would have been avoided if Fertilizer the procurement had been more transparent, and the Fertilizer bought at a price similar to the one of RCPRP paid for its own supply. Refer to table below for details:

Table 1: Comparison of prices for Fertilizer procured by MAFFS and RCPRP

Type of fertiliser	Quantity purchased by MAFFS (bags of 50 Kg) (A)	Unit price paid by MAFFS (Le) (B)	Unit price paid by RCPRP (Le) (C)	Variance per bag (Le) (D)= B-C	% Variance (E)=D/C	Total variance (Le) (F)= A*C
Year 2014						
NPK 15-15-15	10,000	546,300	175,000	371,300	212%	3,713,000,000
Urea 46-0-0	5,000	546,300	175,000	371,300	212%	1,856,500,000
Year 2016						
NPK 15-15-15	100,000	481,376	160,000	321,376	201%	32,137,600,000
Urea 46-0-0	90,000	481,376	160,000	321,376	201%	28,923,840,000
Total	205,000					66,630,940,000

Note: We only compared the prices of NPK 15:15:15 and Urea 46-0-0 because no other project supplied NPK 0:20:20

The comparison clearly shows a misuse of public funds that would have been used to procure additional Fertilizer from which other farmers would have benefitted.

Recommendation

MAFFS should in future purchase Fertilizer in a transparent manner and at the correct market price so as to achieve value for money. Staff involved in the possible misuse of public resources should be held accountable.

Management Response

The PS responded that the Senior Procurement Officer did not provide a response to the finding.

3.2.2 Delays in delivery of Fertilizer

In the contract agreement signed between MAFFS and suppliers of fertiliser for the period 2014 – 2016, Fertilizer were to be delivered between 6 – 8 weeks. It was however not stated in the contract whether the agreement was effective from the date of the signing the contract or the date the advance payment was made. It was also stated that a late delivery period of beyond 6 – 8 weeks will be considered non-responsive.

The comparison of the dates the contract was signed with both the advance payments and the actual delivery dates revealed that the delivery of the Fertilizer was delayed **by 17 to 41 weeks and 26 to 56 weeks respectively**. Refer to table below for details:

List of suppliers, contract agreement signing dates , dates they received advance payment and dates Fertilizer were delivered					
Supplier	Date agreement was signed	Date of advance payment	Date Fertilizer were delivered	No of weeks delayed from receipt of advance payment to date of delivery	No. Of weeks delayed from signing the contract
Okar Agency	16/12/14	Not available	18/1/16	Not available	56 weeks, 6 days
Balsam Enterprise	5/9/16	1/11/16	6/3/17	17 weeks 6 days	26 weeks, 1 day
Okar Agency	6/9/16	1/11/16	6/3/17	17 weeks 6 days	26 weeks
Amjam Company Limited	5/9/16	1/11/16	15/08/17	41 weeks 1 day	49 weeks and 2 days

Source: MAFFS procurement contract documents for 2014 – 2016.

Despite these very long delays which subsequently affected the farmers, MAFFS took no action against the defaulting suppliers but instead surprisingly signed another contract with **Okar Agency** in 2016.

Delays in the delivery of Fertilizer may have affected the productivity of the farmers as they were unable to apply the first Fertilizer at the stipulated time in the farming season.

Recommendation

MAFFS should ensure that suppliers comply with the delivery dates in the terms of the contract to enable farmers receive Fertilizer in a timely manner. If this is not complied with, MAFFS should enforce the clause in respect of delays in delivery in the contract.

Management Response

The PS responded that the Senior Procurement Officer did not provide a response to the finding.

3.2.3 Fertilizer supplied did not meet the required technical specifications

The contract agreement signed on the 6th of September 2016 between MAFFS and Balsam Enterprise stipulated that NPK 20:20:20 with a chemical composition of 20% Nitrogen, 20% Phosphorus and 20% Potassium Fertilizer be supplied.

Technical specifications prepared by the Ministry, bidding documents, and the signed contract agreement were all done in respect of NPK 20:20:20.

However, physical inspection of the fertiliser delivered by Balsam Enterprises to MAFFS revealed that the supplier delivered NPK 0:20:20 which has a chemical composition of 0% Nitrogen, 20% Phosphorus and 20 % Potassium instead of NPK 20:20:20 as stipulated in the contract. See the picture below.

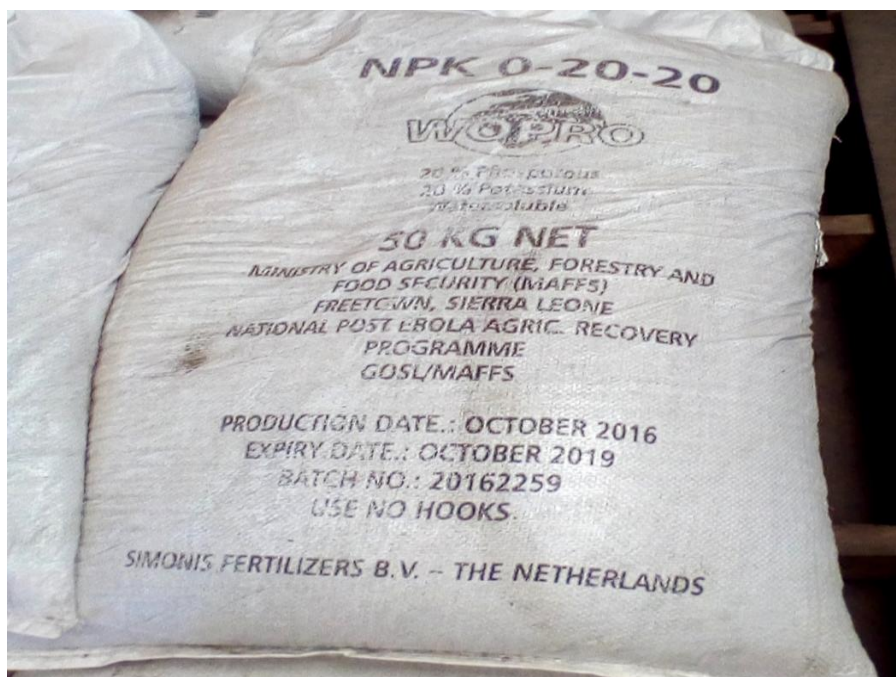


Photo of NPK 0-20-20 Fertilizer delivered to MAFFS instead of NPK 20-20-20. Photo taken at MAFFS Kissy stores on the 4th of April, 2017.

On 10th October, 2016, the supplier sent a letter to the Permanent Secretary, requesting clarification on the type of fertiliser to be supplied. The Permanent Secretary responded on the 21st of October 2016 informing the supplier that the stipulated brand was NPK 0:20:20 Fertilizer.

However, although the Permanent Secretary had clarified to the supplier that the 20 20 20 brand should be supplied, his office went ahead and prepared payment documents for NPK 20 20 20 with the certificate of approval from the Ministry of Finance and Economic Development. The delivery notes from the supplier were also allegedly falsified to reflect that he/she supplied NPK 20-20-20 even though the supplier in contravention of the contract stipulation supplied the 0:20:20 variety.

According to SLARI's "Fertiliser use and Handling Guide", nitrogen is the primary microelement suitable for rice production and it is required at higher amounts than other nutrients.¹⁸ As a result, its deficiency could lead to lower quality and low yield. It is important to note that although the Permanent Secretary allowed the supplier to supply a lower quality of fertiliser as compared to the one stipulated in the contract agreement, the change to a lower grade of fertiliser was not reflected in the contract price. The payment made was equivalent to the price quoted for NPK 20 20 20.

The supply of Fertilizer that did not meet the technical specification in the contract and at a price that did not reflect the inferior quality of the one supplied, the fraudulent provision of details of the fertiliser in the delivery notes that are different from the Fertilizer supplied; are a violation of procurement procedures and a deliberate ploy to defraud the government of valuable public resources.

Recommendation

MAFFS should ensure that the difference in price between what was contracted and the inferior specification supplied is recovered. Going forward, as regards contract specifications, MAFFS should always endeavour to ensure compliance with procurement procedures.

Management Response

The PS responded that the Senior Procurement Officer did not provide a response to the finding.

3.2.4 Failure to claim damaged Fertilizer from suppliers

Section 185 – Claims for Deficiencies or Damage under Part XIII – Classification of Stores of the Financial Management Regulations, 2007 states that claims for deficient or damaged stores should be made to the supplier or their agent and that should be done for deficient or damaged stores on receipt exceeding Le50,000.

¹⁸ SLARI fertiliser use and handling guide, profitable agriculture, series No1. January 2012, page 5

During physical examination of MAFFS Mechanical Stores at Kissy warehouse in Freetown, we found that 180 bags of Fertilizer worth **USD 13,140** were damaged. See details in the table below.

No	Type of fertiliser	Quantity (50 Kg bags of Fertilizer)	Unit price	Total Price (USD)
1	NPK 15 15 15	38	73	2,774
2	NPK 0 20 20	142	73	10,366
	Total	180		13,140

From an interview with the Chief Storekeeper, we learnt that the above Fertilizer were received damaged, however no action was taken by the vote controller to claim these damaged Fertilizer from the suppliers. The photo below shows the damaged Fertilizer.



Photo of damaged Fertilizer at Warehouse 3 of MAFFS Mechanical Store at Kissy taken on the 16th of June, 2017.

Recommendation

MAFFS should either claim the damaged Fertilizer from the supplier or deduct the **cost price of USD 13,140** from the supplier's payment. Going forward, MAFFS should ensure that Fertilizer and all other goods supplied meet the required standard specified in the contract before receiving them.

Management Response

The PS responded that the Senior Procurement Officer did not provide response to the finding.

3.2.5 Failure to weigh, inspect and test Fertilizer acquired.

The Financial Management Regulations stipulate that the vote controller should arrange for regular examination of all scales used in the stores to make sure that they are properly functional. This examination should be done by the Weights and Measures Inspectors. In a case where there are no qualified weights and measures inspectors, the examination may be made done using random tests results acquired with predetermined quantities¹⁹. In addition to this, the contract between MAFFS and the

¹⁹ Section 171 (1) and (2) under Part XII of the Financial Management Regulations, 2007 page 87.

suppliers also require that MAFFS inspects and carry out test on Fertilizer delivered²⁰ to ensure that its quality is compliant with the technical specifications outlined in the contract.

Contrary to the above requirements, MAFFS had never measured, inspected and tested Fertilizer delivered. Through physical inspection of MAFFS Mechanical Stores at Kissy which is MAFFS central store, it was revealed that the store in question was not equipped with scales for measuring Fertilizer delivered. From interviews with officials of the Sierra Leone Agriculture Research Institute (SLARI) which is the body responsible for providing technical support to the Ministry on agriculture matters, we noted that MAFFS had never requested the services of their personnel for the inspection and testing of Fertilizer procured. It is important to note that this has been the case for the whole period under review (2014-2017).

From the same interview, we noted that other providers of Fertilizer in Sierra Leone such as LFM had engaged SLARI's expertise to determine whether the quality of Fertilizer supplied met the standards in their contracts. MAFFS failure to weigh, inspect and test Fertilizer delivered to ensure that they meet the technical specifications in the contract creates a risk of the Ministry receiving goods of the wrong quantity and specification. Subsequently, we could not ascertain whether the **280,000 bags** of Fertilizer costing **\$22,367,500** which were acquired during the period under review (2014 – 2017) were of the right quantity and quality.

Recommendation

To avoid the risk of receiving the wrong quantity and specification of Fertilizer, MAFFS should ensure that Fertilizer are weighed and tested for both quantity and quality before receiving them from suppliers.

Management Response

The PS responded that the Senior Procurement Officer did not provide a response to the finding.

3.2.6 Unavailability of mechanisms to ascertain fertiliser shelf life

It is expected as normal practice demands that the expiry date of each batch of Fertilizer should be written on the bags as a way of informing the end users of the product's shelf life. This was the case for Fertilizer purchased in 2016 which had their expiry dates boldly indicated on the bags. However, the ones purchased in 2014, did not have their expiry dates inscribed on them, and the Ministry did not have any mechanism in place to check the quality and quantity of those Fertilizer.

In an interview with both the District Extension and Crop Officers of the district visited, it was revealed that they simply used the expiry date on the bags to ascertain the shelf life of the Fertilizer supplied. During our physical inspection, we found 48 bags of Fertilizer purchased in 2014 in the district stores in

²⁰ General conditions of contract, clause 8.1 of contract between MAFFS and Okar Agency shows, 2014

Moyamba district which did not carry the Fertilizer ' expiry date on the bags. See photo below for details:

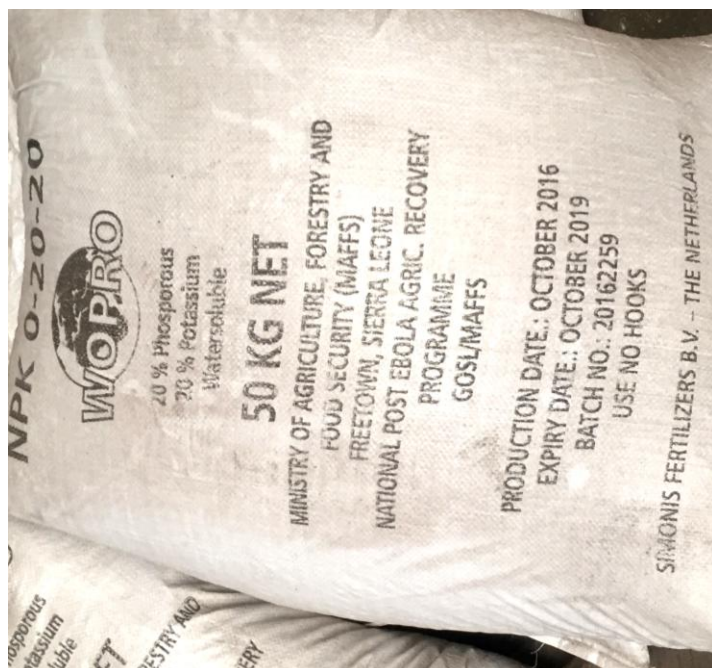


Photo of fertiliser bags with their expiry dates inscribed on them. Photo taken on 06/04/2017 at MAFFS kissy store.

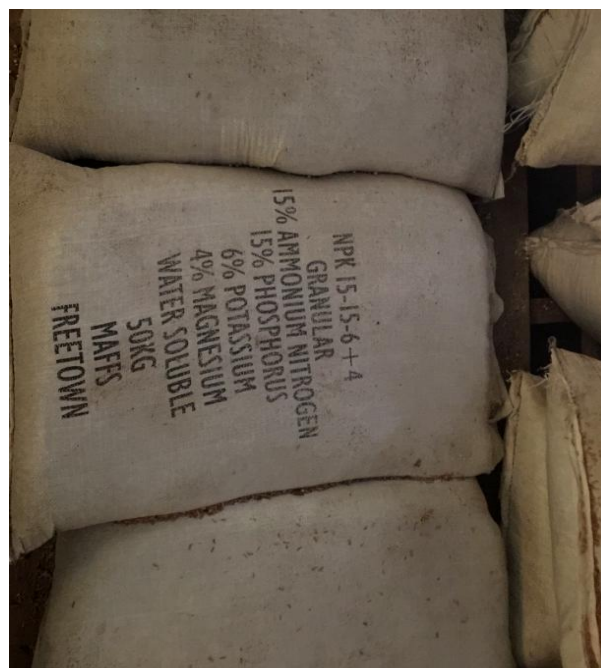


Photo of fertiliser bags without an expiry date. Photo taken on 27/06/2017 at Moyamba district store.

It was impossible to ascertain whether those Fertilizer were expired or not. There is a high risk that expired Fertilizer may have been applied to crops by unsuspecting farmers.

Recommendations

MAFFS should ensure that Fertilizer procured must carry their expiry dates on the bags and this should be checked before their distribution to farmers.

Management Response

The PS responded that the Senior Procurement Officer did not provide response to the finding.

3.3 MANAGEMENT OF FERTILISER STORES

3.3.1 Missing Fertilizer in MAFFS stores - Kissy

Review of the fertiliser ledger at MAFFS Kissy store showed that the opening balance of Fertilizer in store for the year 2014 was 9,976 of 50 kg bags. 30,000 bags were delivered in the period 2014 – 2016. Total distribution for the same period was 38,038 bags. With the above figures, the closing balance was expected to be 1,938 bags as detailed in the table below:

Period	Opening balance (A)	Acquisition (B)	Distribution (C)	Closing balance (D) = (A) + (B) – (C)
2014 – 2016	9,976	30,000	38,038	1,938

During physical inspection of MAFFS stores and records at Kissy on the 8th of April, 2017, we observed that **no Fertilizer** were brought forward from the year 2016. The only Fertilizer that were available in store were those delivered in 2017. This information was also confirmed in an interview with the Acting Chief Storekeeper who could not explain the reason/s for the missing **1,938 bags** of fertiliser worth **USD 234,498²¹**.

Recommendation

The vote controller should investigate those missing Fertilizer and ensure that they are accounted for appropriately.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide a response to the finding.

3.3.2 Poor storage condition of Fertilizer

According to the “Fertiliser Use and Handling Guide”²², for the appropriate storage of fertiliser, one needs to ensure that the store’s roof is leak free. The building clean and the floor tidy and litter free. It should be ensured that the bags do not come into contact with the walls, floor or ceiling. Wooden pallets are best for keeping Fertilizer dry and off the ground. Pallets also help preserve the quality of fertiliser by facilitating proper circulation of air.

Physical inspection of MAFFS sample stores like the Mechanical Warehouse at Kissy, MAFFS district stores in Kenema, Moyamba and Tonkolili, revealed that the stores were not conducive for the proper storage of Fertilizer. They had leaky roofs, cracked walls and insufficient pallets. A review of a report by the Acting Chief Storekeeper submitted to the vote controller (MAFFS Permanent Secretary) on the 5th April, 2017 indicated that the roof of Warehouse Number 2 at Kissy had perforations, however, as at the time of the audit (September 2017), no action had been taken by the vote controller to address the problem.

In Kenema, the Storekeeper sent two written requests to the DAO on both the 15th November 2013 and 15th June 2017 for the repair and maintenance of the Kenema stores but up to the time of the audit (19th June, 2017) no action was taken in this regard.

In an interview with the DAO in Tonkolili, he explained that an assessment of the district stores was done and the result showed that the roofs of Stores 1, 2 and 3 were not in good condition, he also admitted that the walls were cracked, the doors fragile and crumbling and a serious dearth of pallets and reliable

²¹ Unit price per 1 bag of Fertilizer = USD 121.

²² SLARI, Use and Handling Guide, Series No. 1 of January, 2012, page 30.

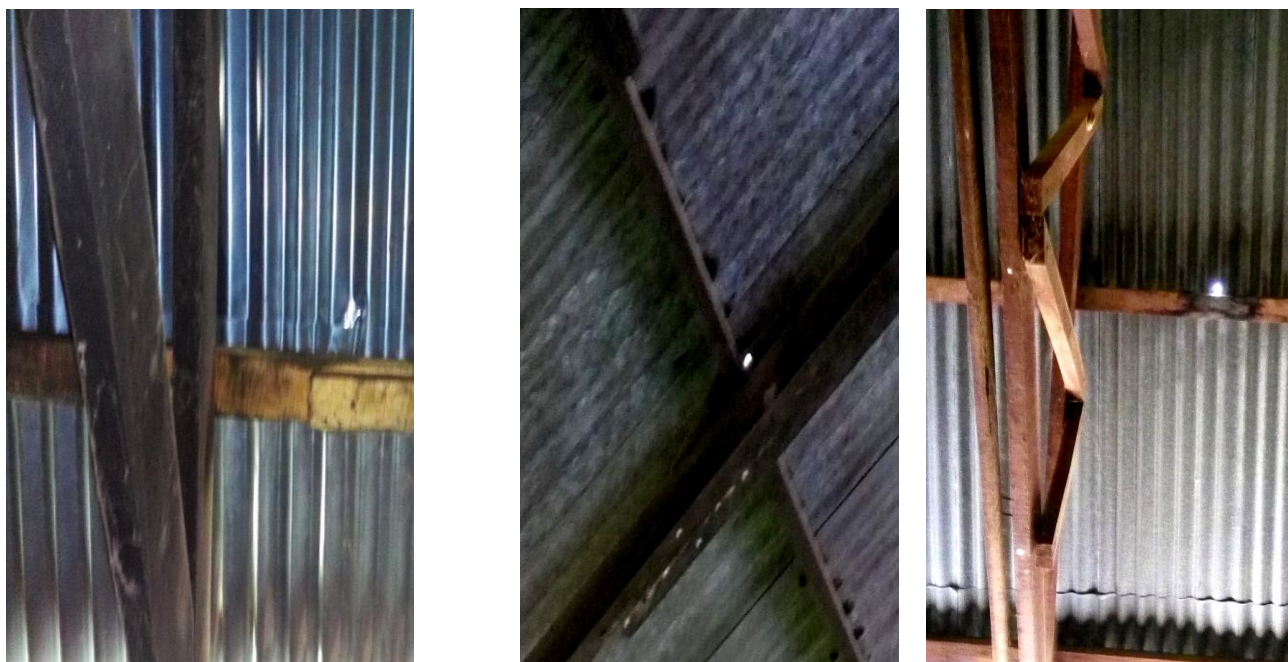
padlocks. Our assessment showed that 5 bundles of zinc were needed to repair the leaky roof. To help remedy the problems highlighted in the assessment report, MAFFS headquarters was requested to provide assistance for the repair and maintenance of the stores before the Fertilizer were supplied in May 2017. However up to the time of our audit (4th July, 2017), no action was taken in this regard. Below are some pictures which show the status of MAFFS stores in Kenema, Moyamba and Tonkolili Districts at the time of the audit.



Photo of the cracks in the wall of one of MAFFS' stores .
The cracks expose the Fertilizer to the elements.
Photo taken on 22nd June, 2017.



Photo of a crack in the wall of a MAFFS store. The cracks expose the Fertilizer to the elements . Photo taken on 22nd June, 2017.



Photos showing holes in the roof of MAFFS stores L-R in (1) Kenema (IDA Compound); (2) Moyamba and (3) Tonkolili Districts. Photo taken in June 2017.



Picture of MAFFS stores in Moyamba and Kenema district without sufficient wooden pallets. Photo taken on 27th of June, 2017.

As a result, poor storage condition for Fertilizer , leaky roofs coupled with insufficient pallets, caused damage of **2,087** bags of Fertilizer worth **USD 279,798** See details in table:

	Fertilisertype	Quantity (A)	Unit price as per contract (\$) (B)	Value (C) = A x B
Freetown	NPK 15:15:15 (2016 acquisition)	150	74	11,100
	NPK 15:15:15 (2014 acquisition)	779	140	109,060
	NPK 0:20:20	70	73	5,110
	DAP	289	143	41,327
	NPK 20:20:0	296	143	42,328
	NPK 15:15:15:6:4	405	143	57,915
	Urea 46%	50	143	7,150
Moyamba	NPK 15:15:15	48	121	5,808
Total		2,087		279,798

	Fertilisertype	Quantity (A)	Unit price (\$) (B)	Value (C) = A x B
Freetown	NPK 15:15:15	150	74	11,100
	NPK 0:20:20	70	73	5,110
Moyamba	NPK 15:15:15	48	121	5,808
Total		268		22,018

The photos below shows damaged Fertilizer in a store.



Pictures of damaged Fertilizer in MAFFS Moyamba district store taken on 27th of June, 2017.

The status of these stores exposed Fertilizer distributed in 2017 to a very high risk of damage. In addition to a loss of **USD 279,798, incurred as a result of damage**, there is a risk that MAFFS may incur a further huge loss of **30,764 bags** of Fertilizer worth **USD 2,258,663** stored at Kenema, Moyamba and Tonkolili districts. See the table for details.

	Type	Quantity (A)	Unit price (USD) (B)	Value (C) = A x B (USD)
Kenema	NPK 15:15:15	2,588	74	191,512
	NPK 0:20:20	2,588	73	188,924
Moyamba	NPK 15:15:15	6,253	74	462,722
	NPK 0:20:20	6,253	73	456,469
Tonkolili	NPK 15:15:15	4,050	74	299,700
	NPK 0:20:20	9,032	73	659,336
Total		30,764		2,258,663

Note that although we are reporting on the status of stores in the sampled districts, their status may be similar to other stores that were not sampled.

Recommendation

As a matter of urgency, MAFFS should ensure proper storage conditions for Fertilizer through the repair and maintenance of their current storage facilities to avoid damage to Fertilizer in future. Additionally, sufficient wooden pallets should be provided for the stores to keep Fertilizer off the ground and to facilitate circulation of air in order to preserve the quality of GoSL Fertilizer.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide a response to the finding.

3.3.3 Failure to inspect fertiliser stores

Section 168 under Part XII – Public Stores of the Financial Management Regulations of 2007 states that the vote controller should appoint an officer to regularly inspect all store records and compare physical stocks at hand with that in the ledger balances.

Contrary to the above requirement, interviews with the vote controller and the Acting Chief Storekeeper showed that the Ministry did not conduct any inspection of fertiliser stores for the whole period under review (January 2014 to September 2017).

Failure to carry out stock inspection is a violation of control procedures provided for by the FMR of 2007. Such anomalies pose a high risk of errors and fraud that may arise due to the poor handling of fertiliser stock worth **USD 23,477,168 (as detailed in the table below) that may go undetected.**

Table showing Fertilizer delivered in MAFFS stores from 2014 to September 2017:

Year	Fertiliser type						Total cost (USD)
	NPK 15:15:15	NPK 15:15:6.4	NPK 20:20:0	NPK 0:20:20	Urea 46%/ Urea 46.0.0	Total quantity per year	
	Quantity (50kg bag)	Quantity (50kg bag)	Quantity (50kg bag)	Quantity (50kg bag)	Quantity (50kg bag)	Quantity (50kg bag)	
OB	2,996	1,915	884	1,974 (DAP)	2,207	9,976	1,177,168
2014	6,000	2,000	1,000	0	3,000	12,000	1,718,000
2016	10,000	1,500	1,500	0	5,000	18,000	2,142,000
2017	100,000			60,000	100,000	260,000	18,440,000
Total	118,996	5,415	3,384	61,974	110,207	299,976	23,477,168

Source: MAFFS contract documents and store records

Recommendation

MAFFS should regularly conduct stores inspection, conduct tests and make a comparison between physical stocks at hand and ledger balances to minimise the risk of unexplained differences between stocks at hand and ledger balances.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide a response to the finding.

3.3.4 Inappropriate stacking of Fertilizer

Section 173 (1) and 1(b) under Part XII – Public Stores of the Financial Management Regulations, 2007 states that a storekeeper should be responsible through his senior officer to the vote controller for the checking and packing of stores. The correct procedure for packing or stacking Fertilizer for ease of inspection or stocktaking is to stack them in orderly rows and columns and use a counting formula usually based on the number of bags per row multiplied by the number of bags per column.

As part of the audit process, we had planned to carry out a stocktake of Fertilizer stored at Kissy warehouse. However, this did not take place due to the poor stacking of the Fertilizer. To remedy this situation, three letters were sent to the Ministry for them to facilitate a stock-take but the Ministry replied that it lacked the financial and human resources to facilitate a proper stacking of the stock of Fertilizer to ease stocktaking. The quantity of Fertilizer at the aforementioned stores as per storekeeper's report of 23rd February 2017 was **120,700** bags of **50kg** Fertilizer worth **USD 8,811,100** as detailed below:

No	Type of fertiliser	Quantity (50 Kg bags of Fertilizer)	Unit price	Total Price (USD)
1	NPK 15 15 15	80,500	73	5,876,500
2	NPK 0 20 20	40,200	73	2,934,600
	Total	120,700		8,811,100

The photo below shows Fertilizer poorly stacked at the Kissy warehouse in comparison with Fertilizer well stacked at WFP stores, Queen Elizabeth Quay.



Fertilizer poorly stacked at Kissy. photo taken 16th of June, 2017



Fertilizer properly stacked at Queen Elizabeth II Quay, photo taken on 16th of June, 2017.

The way the Fertilizer were stacked at Kissy warehouse made it difficult to carry out an effective stocktake either by auditors or by the Ministry. The poor stacking of Fertilizer exposes the stock to theft of other forms of fraud that may go undetected.

Recommendation

To ensure accountability over the management of stock, Fertilizer should be stacked in a manner that allows for easy stock-take. This will also enable internal and external inspectors to carry out a proper stocktake that would make it easier to detect any form of irregularity and also ensure easier and quicker correction of errors if any arises.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide response to the finding.

3.3.5 Improper hand-over of stores

Section 221 (1) under Part XVII – Hand-over of Public Stores of the Financial Management Regulations, 2007 states that “Vote controller shall ensure that whenever one officer relinquishes to another the whole or part of his responsibilities for any store, the stocks and stores ledgers are properly examined and the hand-over and take-over conducted in such a manner that there can be no doubt or ambiguity as to the items handed over and taken over”.

Contrary to the above requirement, interviews with both the current and former storekeepers revealed that there was no hand over from the Storekeeper who left in July, 2016 to the Store Keeper who took over the stock of Fertilizer at Kissy warehouse in August of the same year. Failure to conduct a handover and take-over exercise of stock may expose the stock to misappropriation for which it may be difficult to hold either the outgoing or incoming store keeper responsible.

Recommendation

The Ministry should ensure that a hand over is done by outgoing storekeepers to their successors whenever they relinquish their positions. This will facilitate a smooth transfer of records and responsibilities, and make it easier to attribute any fraudulent case of misappropriation of stock to the culpable person.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide a response to the finding.

3.3.6 Unauthorised store issues

Section 197 (1) under Part XIV – Stores Accounting Records of the Financial Management Regulations, 2007 states that when an officer requires supplies from a store they should be applied for on a requisition form which should be authorised by a person appointed by the vote controller. At MAFFS district office, it is the DAO who authorises the requisition forms for Fertilizer .

Review of the store ledger and the requisition forms for **4,119 bags** of Fertilizer supplied to Kenema and Moyamba District in 2016 revealed that only **2,525 bags** were authorised for release by the DAO. The remainder of Fertilizer totalling **1,594 bags and** worth **USD 192,874** were released from store without the authorisation of the DAO. See details in the table below:

District	Quantity of fertiliser received (50kg bags) (A)	Quantity of Fertilizer approved (50kg bags) (B)	Quantity of fertiliser not approved (50kg bags) (C)	Unit price (USD) (D)	Total price (USD) of Fertilizer not approved (E) = C x D
Kenema	2,574	1,698	8,76	121	105,996
Moyamba	1,545	8,27	7,18	121	86,878
Total	4,119	2,525	1,594	121	192,874

There is a risk that the 1,594 bags of Fertilizer released from stores without authorisation were misappropriated.

Recommendation

The amount of Fertilizer issued by the storekeepers without authorisation should be accounted for correctly to avoid the risk of misappropriation. Going forward, the Ministry should endeavour to comply with the requirements of stock management as set out in the procurement regulations.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide response to the finding.

3.4 DISTRIBUTION OF FERTILIZER

3.4.1 Failure to prepare a fertiliser distribution plan

For an efficient distribution of Fertilizer to farmers, a distribution plan is crucial to guide the distribution process. MAFFS therefore was expected to provide a plan for the distribution of Fertilizer especially to whom and how it should be distributed.

An interview with the Chief Agriculture Officer, the Director of Crops and the Director of Extension in MAFFS however revealed that the Ministry did not have a distribution plan for the distribution of Fertilizer to farmers for the period under review. This was also confirmed in interviews with the District Agricultural Officers of Kenema, Moyamba and Tonkolili.

Due to the unavailability of a plan, it was difficult for the district to know the fertiliser distribution period, the recipients, the distribution methodology, and the storage locations. Absence of a fertiliser distribution plan may have resulted in the following:

- Delay in the distribution of Fertilizer meant they were not applied at the required period in the farming season hence farmer's yields were affected.
- Unfairness in the distribution of Fertilizer as in the case where three ABCs in the Tonkolili district received fertiliser allocations even though they were not entitled to them. This scenario is detailed in table below:

ABC visited in Tonkolili	Community	Block
ABCs which did not received Fertilizer		
Rochain	Rochain	1
Kafe Simira	Mabonthor	5
Yele	Yele	3
ABCs which received Fertilizer		
Rowala	Rowala	1
Kalasongoia	Bumbuna	5
Roline Kanasoko	Gbonkelenke	3
Tayorgbo	Tane	3

c) Duplication in the distribution of Fertilizer

A comparison of fertiliser distribution reports from MAFFS district office in Tonkolili with a report by LFM in the same district showed that fertiliser allocation was duplicated when eight FBOs received Fertilizer from both MAFFS and LFM in contravention of normal practice.

There is a risk that the duplicated fertiliser allocations may have been misused or converted. See details in the table below:

No	FBOs that received Fertilizer from both MAFFS and LFM	Chiefdom
1	Sabenty Farmers Association	Kholifa Rowalla
2	Rosint Farmers Association	Tane
3	Sorbeh Farmers Association	Tane

No	FBOs that received Fertilizer from both MAFFS and LFM	Chiefdom
4	Dim-Din Women Farmers Association	Kolifa Rowalla
5	Dimdin Farmers Association	Kunike Barina
6	Tamemsu Farmers Association	Kolifa Rowalla
7	Tamaraneh Farmers Association	Yoni
8	Tamaraneh Farmers Association	Yoni

Source: MAFFS and LMF Fertilizer distribution report, 2016

Recommendations

- MAFFS should prepare a distribution plan which should spell out the list of beneficiaries and when and how Fertilizer should reach the farmers.
- MAFFS should work closely with all suppliers of fertiliser to ensure that the duplication of fertiliser allocation is avoided. This will allow many more farmers to benefit from the allocations.

Management Response

The PS responded that the DAO of Tonkolili explained that fertiliser quotations were made to ABCs based on compliance with recovery requirements. He stated that FBO members who failed to comply with the recovery requirements were not fully serviced as provided by the MOU. This he said might be the reason why some ABCs were not targeted. He maintained that preference was given to those FBOs that have proven statuses of farming from the past being one of the selection criteria. The DAO also noted that it was a mere coincidence that FBOs bare the same names but located in different areas. He stated that no duplication occurred in the distribution of Fertilizer.

The DAO of Moyamba District stated that the exact quantities of Fertilizer demanded by farmers were supplied but due to late receipt of Fertilizer and the fact that agriculture activities are time bound, most farmers did not take the quantity of Fertilizer they had demanded. He noted that the Fertilizer were received in July whilst farming started in April. He explained that these affected their outputs. The PS noted that the DAO of Kenema did not provide response to the issue relating to his district.

Auditor's comments

Although a list of distribution criteria was provided during verification of MAFFS response to the draft audit report, a distribution report on ABCs compliance with the said criteria was however not provided by MAFFS Tonkolili. The issue therefore remained unresolved. Fertiliser distribution list was provided by the MAFFS Moyamba District Office during verification of their response to the draft audit report however, it did not include a distribution methodology. Analysis of MAFFS and LFM fertiliser and seed rice distribution forms provided during verification of MAFFS response showed that there was no duplication in fertiliser distribution. The FBOs bared the same names but from different communities. The issue was therefore resolved.

3.4.2 Delay in the distribution of Fertilizer to farmers

According to the farming calendar, cultivation of upland rice starts in May and June for inland -valley-swamp (IVS) cultivation. "The Guidelines for the Dissemination of the Technical Package on Rice

Production through Farmer Field Schools” (FFS) states that the first dose of fertiliser also known as the basal application should be done in two to three weeks after sowing.²³

A review of delivery notes of Fertilizer stored in district stores and blocks revealed that the distribution of Fertilizer was delayed. The table below illustrates dates on which Fertilizer reached districts and block stores.

	Kenema	Moyamba	Tonkolili	1 st Cropping Season Upland farming	1 st Cropping Season in valley swamp farming
Date fertiliser reached district store	2 nd July 2016	7 th July 2016	5 th July 2016	Early May	Early June
Date Fertilizer reached blocks	16 th August 2016	19 th July 2016	21 st July 2016	Early May	Early June

As seen in the table above, the Fertilizer for 2016 reached the district offices in Kenema, Moyamba and Tonkolili on the 2nd July 2016, 7th July 2016 and 5th July respectively. Assuming the distribution to BES started immediately after Fertilizer reached the blocks, we can say that for Kenema, the distribution started on the 16th of August. This is almost three and half months after the planting season for the upland rice and two and half months after the start of the inland -valley swamp cultivation both of which falls in May and June respectively. In Moyamba and Tonkolili, Fertilizer reached block level on 19th and 21st July 2016 respectively. This also implies a delay of two and half months for upland rice and one and half months for inland-valley swamp cultivation.

As at the time of the team’s visit to these districts from the 19th June - 4th July, it was only Tonkolili district that had received Fertilizer for the 2017 allocation.

In interviews with farmers, they confirmed that the Fertilizer were received well after the commencement of the planting season. This they agreed negatively affected their yield and subsequently affected the repayments in kind for the Fertilizer allocated to them.

Recommendation

The Ministry should prepare a fertiliser distribution plan and ensure Fertilizer are delivered to farmers before the commencement of the planting season. This will help boost rice production and mitigate the problem of low recovery of proceeds from the fertiliser scheme.

Management response

The PS in his response put forward that the DAO of Moyamba responded that timely distribution of Fertilizer to farmers depended on the time of receipt at the district office. He noted that they received Fertilizer on the 7th of July, 2016. He further stated that agricultural activities are time bound and that farming started in April. He noted that by the time they

²³ Guidelines for the Dissemination of the Technical Package on Rice Production through farmers field schools.
Page

finished distributing Fertilizer , most farmers had started harvesting their crops, and others were on the second and third planting seasons. The PS noted that the DAOs of Kenema and Tonkolili did not provide reasons for the delay in distribution of Fertilizer to the districts.

Auditor's comment

Review of delivery notes showed that Fertilizer were received in the three districts in July whilst farming starts in April and May. The delay in the distribution of Fertilizer from MAFFS is attributed to the delay in the delivery of Fertilizer to the district offices and subsequently to farmers.

3.4.3 Distribution of unserviceable Fertilizer

The objective of availing Fertilizer to farmers was to help them increase their yields. When fertiliser distribution is delayed the possibility of them perishing increases. This possibility is further compounded by the fact that storage facilities are largely uncondusive. If Fertilizer are left to perish, their potency and effectiveness is compromised and they will be of little or no benefit to farmers.

A review of stock records at MAFFS mechanical stores at Kissy warehouse revealed that **1,819 bags** of Fertilizer which were verified between the 6th of October 2014 and the 29th of January, 2015 by stock verifiers of the Accountant General's Department were declared unserviceable. Their report indicated that these Fertilizer perished because of the poor storage conditions under which they were kept. The loss of these Fertilizer it was revealed resulted in a loss of **USD 260,117** for the government. See table below for details:

No	Fertiliser	Date	SIV	Folio	Quantity	Unit price	Total Price
1	NPK15:15:15	29/01/2015	SIV 5275	51B	200	143	28,600
2	NPK15:15:15	29/01/2015	SIV 5275	59	520	143	74,360
3	NPK15:15:15	29/01/2015	SIV 5276	7A	59	143	8,437
4	NPK15:15:15	29/01/2015	SIV 5275	11A	50	143	7,150
5	NPK15:15:6:4	29/01/2015	SIV 5275	3	80	143	11,440
6	NPK15:15:6:4	29/01/2015	SIV 5275	67	325	143	46,475
7	NPK20:20:0	29/01/2015	SIV 5275	2	157	143	22,451
8	NPK20:20:0	29/01/2015	SIV 5275	62A	139	143	19,877
9	DAP	29/01/2015	SIV 5275	69	289	143	41,327
Total					1,819		260,117

Source of price: Contract between MAFFS and Royal international supplies

These Fertilizer were distributed to farmers per the authorization of the Permanent Secretary without test of their potency or the effect they may have on crops and end users being done.

Recommendation

MAFFS should ensure the proper storage of Fertilizer so as to mitigate the risk of damage to them. MAFFS should also ensure that the Fertilizer are tested to ascertain their potency levels and their possible effect on other crops and end users.

Management Response

The PS responded that the Ag. Chief Storekeeper did not provide a response to the finding.

3.4.4 Fictitious distribution of Fertilizer

In Tonkolili, 2,192 bags of Fertilizer were received from MAFFS for distribution to farmers via five blocks in. Although according to the approved requisition plan each block was supposed to have received a certain quantity of Fertilizer for distribution to Farmer Based Organisations (FBOs), certain blocks and FBOs did not receive the entire quantum of Fertilizer due them:

(a) The report from the district store for block 2 showed that 537 bags of 50kg Fertilizer were distributed to the BES of block 2. However, a review of the list of beneficiaries and an interview with the BES revealed that only 437 bags were distributed by the BES which leaves 100 bags of Fertilizer that was not accounted for.

(b) Block 3 received 638 bags of Fertilizer for distribution to Agriculture Business Centres (ABCs) in Tane, and Gbonkolenken Chiefdoms for onward distribution to Farming Based Organisations (FBOs) registered with them. A review of a summary of the distribution list prepared by the former Block Extension Service Officer of Block 3 showed that 638 bags of 50kg Fertilizer were received from the district stores and distributed to 56 FBOs. An interview with the current Block Extension Service Officer and representatives of FBOs of Block 3 revealed that 12 FBOs out of 56 received less fertiliser than reported. The table below provides details of the value of Fertilizer unaccounted for:

No	Block	Name of FBO	Fertiliser on report (A)	Fertilizer actually received (B)	Difference in bags (C)=A-B	Difference \$121 (unit price of fertiliser) *
1	Two	No FBOs provided	537	437	100	12,100
2	Three	Sorbeh Farmers Association	29	14	15	1815
3	Three	Maborboh Farmers Association	10	4	6	726
4	Three	Mayinka Farmers Association	10	4	6	726
5	Three	Kokobeh Farmers Association	20	10	10	1210
6	Three	Bukabai Farmers Association	10	5	5	605
7	Three	Moria Farmers Association	10	4	6	726

No	Block	Name of FBO	Fertiliser on report (A)	Fertilizer actually received (B)	Difference in bags (C)=A-B	Difference \$121 price of fertiliser) * (unit of
8	Three	Magbassah Farmers Association	20	6	14	1694
9	Three	Dim Din Farmers Association	20	5	15	1815
10	Three	Tawoperr Farmers Association	10	5	5	605
11	Three	Tamaraneh Farmers Association	10	5	5	605
12	Three	Masakong War Victim Association	10	5	5	605
13	Three	Kuru Mormoh United Farmers	20	2	18	2178
		Total			210	25,410

Source: Analysis of Distribution list

According to the above table, **USD 25,410 worth of Fertilizer was** misappropriated from government resources. This scenario deprived farmers of maximising the benefit of the scheme. It also undermined the success of the programme.

Recommendation

MAFFS should ensure that DAOs and BES' account for Fertilizer that did not reach farmers.

Management response

The PS responded that the DAO of Tonkolili stated that the balance of 100 bags of fertiliser was distributed to N'sirah Farmers Association which was received by the group head, Mr. Alie Turay of Mayira Community in Kunike Barina Chiefdom. The DAO noted that the distribution list was not provided for audit examination but has now been compiled and filed by the BES for future verification and audits. The DAO added that the new recruited BES was not properly informed about the distribution status from his predecessor therefore farmers gave wrong information about the quantities they actually received. They DAO said that they have clarified all issues with the former BES and that the audit team can further verify.

Auditor's comment

The distributions of 210 bags of 50kg fertiliser costing \$25,410 to farmers in Tonkolili were reported to have been fictitiously done. During verification of the response of the DAO Tonkolili, distribution list of 100 bags of 50kg Fertilizer were provided for examination. However, 110 bags of Fertilizer costing \$13,310 still remained outstanding.

3.4.5 Distribution of Fertilizer to ineligible farmers

According to an interview with the Director of Extension at MAFFS, one criterion that qualifies a farmer for fertiliser allocation is that he/she should be a member of a farmer based organization that is attached to an ABC. The request for and distribution of Fertilizer were handled by BES.

According to the request for Fertilizer report prepared by the BES for ABCs in block 5 k, Fertilizer were supposed to be distributed to the three ABCs of Gaura, Tunkai and Nomo in the Kenema district. A Review of the list of beneficiaries from BES of block five also revealed that from a total of 220 bags of Fertilizer that were distributed, 126 bags representing 57% were distributed to individuals who were not members of FBOs and or ABC.

The anomaly of distributing Fertilizer to individuals who do not belong to FBOs and or ABCs may undermine effective tracing of beneficiaries and the recovery of proceeds by the scheme for instance, in block five, out of 126 bags of fertiliser that were distributed to individuals, only two bags of rice was were recovered.

Recommendation

MAFFS through DAOs should ensure that the distribution of Fertilizer is done in compliance with the agreed rules and regulations which hold that only farmers registered with FBOs should benefit from the Scheme. This will help mitigate the risks associated with low recovery of proceeds by the scheme.

Management response

The PS responded that the DAO Kenema did not provide a response to the issue relating to his district.

3.4.6 Application of Fertilizer on undeveloped inland valley swamps

Good land preparation is a prerequisite for improved crop performance and high grain yield²⁴. It also promotes good physical, chemical, and biological environment for better and efficient crop cultivation and development. It also facilitates good management of water, nutrients and weeds. Subsequently, all these benefits that accrue from well-prepared land engender a favourable yield. Land preparation activities include brushing, clearing, digging, puddling, levelling, and construction of irrigation and drainage canals as well as boundaries for water flow control.²⁵

Land preparation is done by MAFFS and its stakeholders (donors). In all the three districts visited however, farmers complained about their in-land-valley swamp (IVS) farms not being developed. Of all the three districts, Tonkolili district was the only one that provided data on the number of developed and undeveloped IVSs. In Tonkolili District, from a total of 70,000 Ha of IVS only 1,076 Ha was developed. This represented only 1.5%, leaving 98.5% undeveloped. Below are photos showing developed and undeveloped IVSs.

²⁴ Crop production guidelines for Sierra Leone, MAFFS, July 2005, page 5.

²⁵ Guidelines for Dissemination of the Technical Package on Rice Production through Farmers Field School. Pages A-12



Photo of developed IVS



Photo of undeveloped IVS

Source: MAFFS, Guidelines for Dissemination of the Technical Package on Rice Production through Farmers Field School. Pages B-17

Application of Fertilizer to undeveloped IVSs is a waste of valuable resource. According to farmers interviewed, cultivation of rice on undeveloped IVS engenders unstable water level and hence loss of valuable fertiliser resource. This subsequently undermines yield and the effective recovery of seed rice.

Recommendation

MAFFS should collaborate with other stakeholders involved in the development of agriculture in the country to develop IVSs at district level. Going forward, to avoid wastage of resources, MAFFS should only distribute Fertilizer to farmers who have developed IVSs.

Management's response

The PS in his response said that the DAO of Tonkolili resorted that Fertilizer were also distributed to farmers who grew their rice on "bolilands". This ecology he said is predominant in Tonkolili District and therefore could not be left without service.

Auditor's comments

"Boliland" are those lands that are flooded in the rainy season and dry hard in the dry season. When Fertilizer are applied on "bolilands" during the rains, the land should be developed to avoid flooding and wastage of Fertilizer .

3.5 RECOVERY

3.5.1 Low recovery of Fertilizer sold on cash basis

According to a letter by the Permanent Secretary to the Storekeeper of the Kissy Stores, FBOs were required to pay Le.110,000 (One Hundred and Ten Thousand Leones) for a 50kg bag of fertiliser. These monies were paid into the Ministry's fertiliser bank account before the fertiliser was issued. This was meant to recover some of the cost of the fertiliser before stocks are issued.

From a review of store ledgers and store issue vouchers for the period 2014 and 2015, we noted that **21,813** bags of Fertilizer (50kg each) were distributed to FBOs on a cost recovery basis at Le110, 000 per 50kg bag. The total expected cash recovery from the Fertilizer was **Le. 2,399,430,000** however, a review of the fertiliser bank account statement showed that only payments amounting to **Le 1,452,950,000** were made for **13,209** bags of Fertilizer, leaving **8,604** bags valued at Le. **946,480,000** unrecovered. This was occasioned by the fact that the PS authorised the release of Fertilizer from the store before payments were made. The recovery rate of the said fertiliser stock was 61% against 39% not recovered. See table below for details:

FERTILISERRECOVERY ANALYSIS 2014 AND 2015				
	FERTILIZER SOLD TO FARMERS	UNIT PRICE	TOTAL PRICE	% OF RECOVERY
UREA 46%	5,161	110,000	567,710,000	
NPK15:15:15	8,962	110,000	985,820,000	
NPK15:15:15-6.4	3,910	110,000	430,100,000	
NPK 20:20:0	1,862	110,000	204,820,000	
DAP	1,918	110,000	210,980,000	
TOTAL	21,813	110,000	2,399,430,000	
RECOVERED PER BANK STATEMENT	13,209	110,000	1,452,950,000	61%
UNACCOUNTABLE RECOVERY	8,604	110,000	946,480,000	39%

Source: MAFFS Kisumu store ledgers and fertiliser bank account statement

Recommendation

MAFFS should ensure that the cost of 8,604 bags of Fertilizer valued at Le **946,480,000** is recovered and paid into the fertiliser recovery account.

Management Response

The PS responded that the Directors of Crops and Extension did not provide a response to the finding.

3.5.2 Low recovery of Fertilizer on kind basis

According to the Memorandum of understanding between MAFFS and the farmer based organizations, the consideration for one 50kg bag of Fertilizer, 50kg of certified seed rice, and this was for the period starting 2016.

During field visits to Kenema, Moyamba and Tonkolili Districts, a review of their SIV's, BES's data sheets and store ledgers showed that **6,311** bags of Fertilizer were distributed to farmers in 2016. The total expected recovery from the above was **6,311** bags of seed rice (50kg bags). However, it was noted that only **1,374** bags of 50kg rice were recovered, which is **22%** of the expected recovery from Fertilizer distributed to farmers leaving 78% unrecovered. See table for detail.

District	Amount Supplied to Farmers (50kg bags)	Amount Recovered (kg)	Amount of Unrecovered	Recovery Rate (%)	Unrecovered Rate (%)
KENEMA	2,574	219	2,355	9%	91%
MOYAMBA	1,545	754	791	49%	51%
TONKOLILI	2,192	401	1,791	18%	82%
TOTAL	6,311	1,374	4,937	22%	78%

Source: MAFFS Kenema, Moyamba and Tonkolili Districts Allocated Store Ledgers

Recommendation

MAFFS should endeavour to recover the seed rice given in exchange for the Fertilizer distributed. MAFFS through DAOs should also ensure that every BES recovers all Fertilizer distributed to farmers and institute penalties on defaulters.

Management Response

The PS in his response stated that the DAO in Tonkolili responded that the surge of rodents and low labour turnover in quarantined homes during the during the 2015 Ebola period were responsible for the low recovery. He noted the audit recommendations and stated that they will implement them in future. The PS noted that the DAOs of Kenema and Moyamba did not provide a response to the issue in relation to their districts.

Auditor's comments

The audit team reviewed and analysed distributions and recoveries done in 2016. Ebola ended in 2015.

3.5.3 Diversion of recovered funds from the fertiliser scheme

Section 73 (1) of Financial Management Regulation of 2007 states, “All disbursement of public money shall be properly vouched for”. During the opening meeting, officials from MAFFS explained that the fertiliser Scheme funds should be managed on a revolving basis. This means that proceeds from Fertilizer should go back to Fertilizer and be given to farmers so that it can reach as many farmers as possible.

A review of the 2014 to 2016 bank statement of the fertiliser recovery account revealed that **Le1,614,618,888** was withdrawn from the account without any supporting documents to confirm that this money was expended on the fertiliser revolving scheme. See table for details:

WITHDRAWALS WITHOUT SUPPORTING DOCUMENTS			
NO	DATE	CHEQUE NO.	AMOUNT
1	28/05/2015	1532401	59,400,000
2	16/09/2015	1532402	100,000,000
3	29/09/2015	1532406	35,000,000
4	30/09/2015	1532405	36,324,750
5	02/10/2015	1532404	31,475,500
6	09/10/2015	1532407	130,000,000

WITHDRAWALS WITHOUT SUPPORTING DOCUMENTS			
N0	DATE	CHEQUE NO.	AMOUNT
7	16/10/2015	1532410	160,000,000
8	16/10/2015	1532409	120,000,000
9	22/10/2015	1532413	31,000,000
10	23/10/2015	1532411	15,236,250
11	28/10/2015	1532412	26,448,991
12	10/11/2015	1532415	13,000,000
13	12/11/2015	1532416	98,200,000
14	13/11/2015	1532418	62,334,200
15	16/11/2015	1532417	10,000,000
16	17/11/2015	1532420	15,850,050
17	17/11/2015	1532419	13,681,806
18	19/11/2015	1532422	9,656,000
19	19/11/2015	1532421	8,212,800
20	03/12/2015	1611854	28,280,296
21	03/12/2015	1611853	117,655,000
22	08/12/2015	1611855	37,450,000
23	06/01/2016	1611857	105,000,000
24	08/01/2016	1611858	51,030,000
25	12/01/2016	1611860	68,373,000
26	14/01/2016	1611861	10,950,000
27	01/02/2016	1611865	130,000,000
28	02/02/2016	1611864	30,000,000
29	02/02/2016	1611863	21,600,000
30	19/02/2016	1611870	8,460,245
31	19/02/2016	1611868	30,000,000
TOTAL			1,614,618,888

Source; MAFFS fertiliser account bank statement

The use of proceeds from Fertilizer on unrelated activities encumbered the food security drive and undermined the fertiliser revolving scheme. It may have also helped reduce government's expenditure on agriculture.

Recommendation

The Permanent Secretary should ensure proper accountability in the handling of proceeds from the fertiliser scheme and endeavour to utilise the fertiliser revolving fund for its intended purpose.

Management Response

The PS responded that the Principal Accountant, Directors of Crops and Extension did not provide responses to the finding.

3.5.4 Missing seed rice recovered from the fertiliser scheme

Section 173 (1) of the FMR 2007 states that “A storekeeper shall be responsible through his senior officer to the vote controller for:

- The checking, handling and proper storage of all stores received into his stores;
- The checking, packing and dispatch of all stores from his store;
- The correctness of his stock; and
- The loss, shortage, leakage, damage, deterioration or waste of stores in his charge”

A review of the recovery and re-distribution list from Block Extension Supervisors of the three selected districts revealed that 1,374 bags of seed rice (50kg) were recovered during the period under review. However, only 104 bags were redistributed from the store leaving **1,281 bags** of 50kg undistributed. Physical verification of the blocks and ABC stores showed no seed rice in all the stores visited. These represent 93% of seed rice recovered from the fertiliser scheme. See the table below.

Fertiliser redistribution analysis

District	Seed rice recovered (bag of 50 kg rice) (A)	Rice Redistributed (B)	Difference & missing C=A-B	%age of missing seed rice D=C/A
Moyamba	754	23	731	97%
Kenema	219	0	219	100%
Tonkolili	401	81	331	83%
TOTAL	1,374	104	1,281	93%

The missing seed rice recovered from fertiliser scheme may have been misappropriated by BESs and /or DAOs.

Recommendation

MAFFS should ensure proper accountability in the handling of proceeds from the fertiliser scheme and should also investigate the missing seed rice.

Management Response

The PS responded that the Ag. Chief Storekeeper, the DAOs in Kenema and Moyamba did not provide responses to the finding.

3.5.5 Failure to take action against defaulters

In Section 2 of the Seed Rice Loan agreement which also provides for the fertiliser programme, farmers agreed that legal action should be taken against them if they fail to meet their obligation in the form of seed rice in return for fertiliser. To this end, the individual farmers signed for and took full responsibility for their recovery obligations.

Review of the selected districts' fertiliser recovery documents and interviews with District Officers and farmers revealed however that no action was taken against defaulters. As reported in findings under 3.5.2 'Low recovery of Fertilizer issued out on in kind basis', 4,937 bags of 50kg fertiliser valued at \$ 597,37726 and representing 78% of the total fertiliser distributed to the districts from Central Stores in Freetown are yet to be recovered. Furthermore, the sustainability of the scheme may be hindered if actions are not taken against defaulters.

Recommendation

To increase the level of recovery in the districts, MAFFS should ensure that action is taken against defaulters.

Management's Response

The PS responded that the Chief Agriculture Officer did not provide a response to the finding.

3.6 RECORD MANAGEMENT

3.6.1 Inadequate evidence of distribution of Fertilizer

Section 195 (1) under Part XIV – Stores Accounting Records of the Financial Management Regulations, 2007 states that all receipts and issues of stores should be supported by vouchers which could be readily identified either by the printed number on the voucher form or by being numbered consecutively by the receiving or issuing store.

From a review of SIVs, we learnt of information such as the name and signatures of the issuers, the names and signatures of the recipients, the quantity of Fertilizer supplied, type of item issued from stock as well as the dates of issue. The information contained in the SIVs if adhered to help ensure accountability and transparency in the distribution process for example by helping to confirm whether the quantity and type of item approved for release from store was actually what was released and to the appropriate recipient. They can also be used to confirm the dates of both the issue and receipt of Fertilizer. For the purpose of transparency, every information recorded in an SIVs should be duplicated in the store ledger complete with the SIVs serial number and both of these information should be capable of being easily reconciled with one another.

However, in the distribution of Fertilizer during the audit period under review, storekeepers either did not properly utilise the SIVs or in some cases did not use them at all. In Tonkolili for example, the Storekeeper did not maintain an SIV for the distribution process, while in Kenema and Moyamba, although they were used in the distribution process, beneficiaries were not made to sign to confirm receipt of the Fertilizer. Furthermore, although the SIVs were filled by the BES, some of them failed to

²⁶ Price per bag of fertilizer is USD 121

hand over the completed copy to the beneficiaries as a result, there was no documentary evidence of the Fertilizer reaching the farmers. This may have increased the risk of misappropriation by the Storekeeper.

Recommendation

MAFFS should ensure the proper management of fertiliser stock in compliance with the Financial Management Regulations in order to mitigate the risk of misappropriation.

Management Response

The PS responded that the DAO of Moyamba stated that the SIV books supplied to them were limited and were used for the initial seed rice distribution. He explained that the Fertilizer were distributed to the same farmers and that the FBO heads should have the SIV numbers attached on a sheet of A4 paper with a snapshot done. He stated that to avert the use of a single SIV for both seed rice and Fertilizer, more SIV books should be supplied to the district office. The DAO noted that the BESs have taken cognisance of the finding and that necessary measures have been put in place for the 2017 distribution of seed rice and Fertilizer. The PS noted that the DAOs of Tonkolili and Kenema did not respond to the issue with regards their districts.

Auditor's comments

The response provided for the draft audit report by MAFFS Moyamba District Office was verified. During the verification, the SIVs used for the new distribution were reviewed. It was noted that separate SIVs were used for seed rice and fertiliser distributions.

3.6.2 No record of registered of farmers

One criterion that qualifies farmers for fertiliser allocation from the Ministry is they should be registered with MAFFS, a district council and the National Federation of Farmers in Sierra Leone (NaFFSL).

As at the time of the audit, although requests were made for the list of farmers registered in Kenema Moyamba and Tonkolili Districts with MAFFS, none of the three districts provided any.

Without records of registered farmers, it was difficult for MAFFS district offices to determine the quantity of Fertilizer needed and the potential beneficiaries. This increased the risk of mismanagement and misappropriation of Fertilizer.

Recommendation

MAFFS should ensure that farmers are registered and the list of such registered farmers should serve as one of the planning tools for the allocation and distribution of fertiliser to districts.

Management Response

The PS responded that the DAOs in Kenema, Moyamba and Tonkolili did not provide a response to the finding.

3.6.3 Poor records management

Section 195 (1) of Financial Management Regulation of 2007 states, “All receipts and issue of stores shall be supported by vouchers which can be readily identified in sequence either by the printed serial number on the voucher form or by being numbered consecutively by the receiving or issuing store as appropriate”.

In 2016, fertiliser distribution details indicated that although **16,225 bags** of fertiliser were distributed to farmers per district all over the country, MAFFS was unable to produce documentary evidence of the recovery of **16,225 bags** of seed rice (50 Kg). The auditors could also not produce records of beneficiaries who honoured their obligations to the scheme with seed rice, nor could they ascertain how much was repaid and how much was outstanding.

In addition to the above, no record in the form of a debtors list was available in a manner that could enable MAFFS make follow ups on defaulters.

In the absence of proper records of paid up and errant fertiliser recipients, it was difficult for MAFFS to effectively recover proceeds from the fertiliser exchange. This hindered the success of the scheme.

Recommendation

MAFFS should adopt appropriate fertiliser records management tools such as loan registers, recovery lists, debtors’ ledgers and receipt vouchers to help with the effective recovery of proceeds.

Management Response

The PS responded that the Ag. Chief Storekeeper, the DAOs in Kenema, Moyamba and Tonkolili did not provide response to the finding.

4

CONCLUSION

MAFFS seeks to improve agricultural production and productivity in order to achieve food security. Part of its strategy in this direction is to avail Fertilizer to farmers in order to help increase agricultural productivity. The overall objective for the three year period under review i.e. 2014 – 2016 was to boost agricultural productivity through the provision of 94,500 bags (50kg packages) of inorganic Fertilizer to 750,000 farm families in the 13 districts of Sierra Leone, and contribute to the realisation of sustainable food security.

We acknowledge the immense progress that has been made by MAFFS in the allocation of Fertilizer to farmers, whereby for the period 2014 to 2017, **280,000 bags** of Fertilizer were purchased as compared to **94,500 bags** that was initially budgeted for. This means an increase of **185,500 bags** of Fertilizer or 196% of actual fertiliser purchased as against the quantity initially budgeted for.

However, the fertiliser scheme was poorly managed from the planning to the recovery phases, major issues encumbered the success of the scheme. These issues emanated from a number of weaknesses that are enumerated as follows:

(a) PLANNING THE IMPLEMENTATION OF THE FERTILISER SCHEME

The fertiliser scheme was implemented without a policy document that would have guided the acquisition, distribution, utilization and recovery process of the Scheme. This anomaly also undermined the capacity of scheme to identify how the various phases of the Scheme would have been implemented and who the responsible persons should have been, and the methodology, and timelines that would have determined the nature of implementation and the duration of various steps of the programme.

(b) ACQUISITION OF FERTILISER

MAFFS was not economically prudent and transparent in the procurement of the Fertilizer. The cost was extremely **overpriced**. The variance in price paid by MAFFS was found to be between 201% and 212% more than what other projects who procured the same type of Fertilizer for distribution to farmers paid. Additionally, MAFFS did not observe value for money for this transaction as the Fertilizer supplied were not only of inferior quality, but they did not also meet the technical specifications required in the contract agreement. Distribution was also severely delayed which greatly undermined the expected yield.

(c) MANAGEMENT OF FERTILISER STORES

The management of Fertilizer stores was characterised by mismanagement and misappropriation. Cases of missing Fertilizer from stores were observed, and large quantities perished due to poor storage conditions.

(d) DISTRIBUTION OF FERTILIZER

MAFFS had no viable fertiliser distribution plan. As a result, no proper timelines and methodology existed in respect of the distribution of the Fertilizer hence, distribution was severely delayed; a factor that greatly undermined expected yield. The distribution mechanism was also hardly transparent. In some cases, farmers were short changed as some got less fertiliser than they were entitled to. The process was also

fraught with duplication. For instance in some cases, some farmers received Fertilizer from two different sources simultaneously while others received less than what was due them

(e) RECOVERY OF FERTILIZER

Recoveries in both cash and kind were not effective. In some cases the recovery rate was not only low in kind recoveries in some instances were also undermined by misappropriation. Recoveries in cash were fortunately higher compared to in kind recoveries. However, moneys recovered from the in cash basis recoveries were diverted away from the fertiliser revolving scheme. The low rate of recovery may be mainly due to the Ministry's failure to hold defaulters to account.

APENDICES

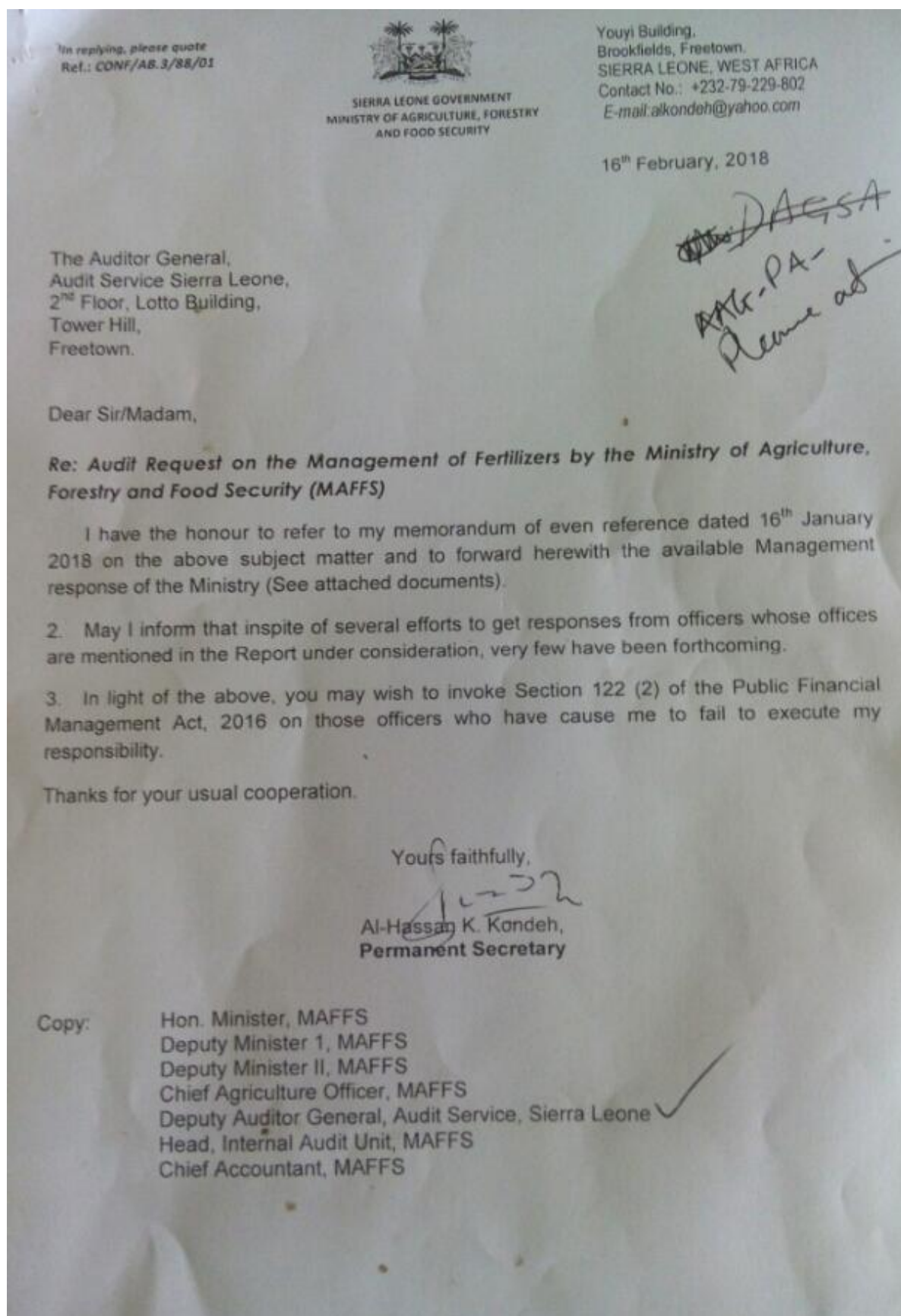
APPENDIX I LIST OF DOCUMENTS REVIEWED

Document	Purpose of review
Issues in Food Security and Cash Crop Production in Sierra Leone	It highlights challenges facing food security in Sierra Leone
Public Financial Management Act of 2016	It is an Act that makes provision for the prudent, efficient effective and transparent management and use of public financial resources and to provide for other related matters.
Financial Management Regulation of 2007	It provides detailed understanding of the Government Budgeting and Accountability Act of 2005
Public Procurement Act of 2004	It is an Act that establishes the National Public Procurement Authority, to regulate and harmonise public procurement processes in the public service, to decentralise public procurement to procuring entities, to promote economic development, including capacity building in the field of public procurement by ensuring value for money in public expenditures and the participation in public procurement by qualified suppliers, contractors, consultants and other qualified providers of goods, works and services and to provide for other related matters.
Public Procurement Act of 2016	It is an Act that makes provision for the continuance in existence of the National Public Procurement Authority, to further regulate and harmonise public procurement processes in the public service, to decentralize public procurement to procuring entities, to promote economic development, including capacity building in the field of public procurement by ensuring value for money in public expenditures and the participation in public procurement by qualified suppliers, contractors, consultants and other qualified providers of goods, works and services and to provide for other related matters.
Public Procurement Regulation of 2006	It is a regulation with respect to the Public Procurement Act of 2004
Transforming Our World: The 2030 Agenda For Sustainable Development	Sierra Leone like all other United Nations Member States jointly committed to this document. The GoSL has expressed commitment to the implementation of this plan that succeeded the MDGs by starting to adapt it into its national policies.
Concept Note on the Provision of Fertilizer to Farmers in Sierra Leone	To understand the rational for the provision of Fertilizer to farmers and the required conditions
Fertiliser Procurement Contracts 2014 – 2016	To understand the agreements between MAFFS and the suppliers for the acquisition of Fertilizer
MAFFS Internal Audit Stores Review Report 2016	To have an understanding of the weaknesses in the MAFFS stores
National Sustainable Agriculture Development Policy 2010 – 2030	To understand the long term plan of the Ministry
Audit of procurement Activities in Selected Public Sector Entities 2015	It shows irregularities in procurement activities relating to MAFFS
2014 Auditor's General Annual Report	It highlights issues relating to management of Fertilizer by MAFFS
The Presidential address on the occasion of State Opening of the fifth Parliament session of the fourth parliament of the second republic of Sierra Leone	Reviewed to see some of the achievements of the Ministry from the last state opening address and the Presidential commitments to agriculture
The National Rice Development Strategy (NRDS) Sierra Leone. Prepared for the Coalition for African Rice Development (CARD), 2009	To assess the state of agriculture in SL from the viewpoints of stakeholders
A rapid appraisal of the agro-inputs markets in Sierra Leone	To know the appraisal on soil fertility levels
SLARI and Stakeholders on the way forward to reducing rice yields in Sierra Leone by Richard Bockarie and Mohamed A. Sanoh	To ascertain deliberations on yield gaps and the way forward as discussed between SLARI and stakeholders

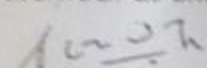
APPENDIX II LIST OF INTERVIEWEES

Interviewees
MAFFS Headquarters
Permanent Secretary
Chief Agriculture Officer
Director of Crops
Director of Extension
Director of Planning Division
Principal Accountant
Procurement Officer
Chief Storekeeper
MAFFS District Offices
District Agriculture Officers
Crop Officers
Extension Officers
Block Extension Supervisors
Field Extension Workers
Storekeepers
Farmers and Farmers' Groups
Heads of ABCs
Heads of FBOs
Master Farmers
Individual farmers
Other stakeholders
Soil Scientist (SLARI)
Local Council
Chieftdom Authorities

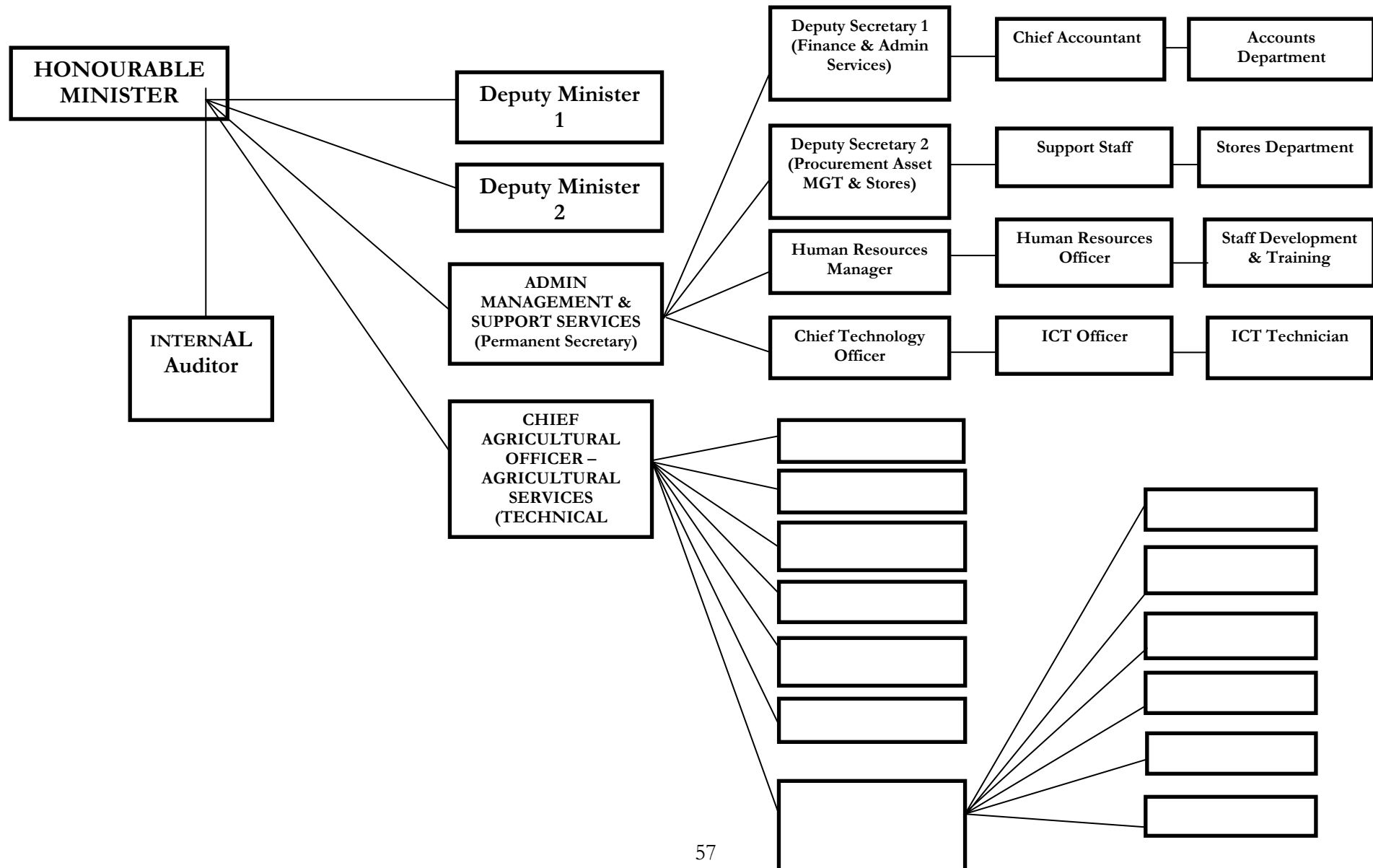
APPENDIX III MAFFS RESPONSE LETTER



APPENDIX IV MAFFS GOVERNMENT OF SIERRA LEONE MINUTE PAPER

SIERRA LEONE GOVERNMENT MINUTE PAPER	
To See Below:	
RE: Audit Report on the Management of Fertilizers by the Ministry of Agriculture, Forestry and Food Security (MAFFS)	
I have the honor to refer to the Auditor General's Correspondence dated 10 th January 2018 referenced AG.93/657 resting on the above subject matter and to remind Action Addressees of their obligation and responsibility to provide timely responses to the draft Audit Reports under referenced.	
Please be reminded that Section 93 (3) of the Public Financial Management Act 2016 clearly states that <i>"Every query or observation under sub Section (2) received by the Accountant General or any other person, shall be written 15 days after its receipt by the person, be returned by him with the necessary reply to the Auditor General"</i> .	
Notwithstanding the above legal provision and the expiration of the deadline for submission of responses (28 th December 2017), Responsible Officers are yet to submit responses to the audit query in question.	
Your attention is hereby drawn to Section 94 of the same Act which states that: <i>"that every Person who fails or refuses to reply to an audit query or observation within the specified period in Section 93 (3) of Section 64 of that same Act shall, if the Auditor General so directs, have his emoluments and allowances withheld for so long as the officer fails to reply"</i> .	
This Loose Minute seeks to serve as a final reminder for the submission of all responses relating to subject matter to my office in order to enable me consolidate same for onward transmission to the Auditor General.	
Please treat as extremely urgent.	
 Al-Hassan K. Kondeh Permanent Secretary 16 th January 2018	
Addressed to:	Chief Agriculture Officer, MAFFS Director, PEMSD, MAFFS Chief Store Keeper, Kissy, MAFFS All District Agriculture Officers
Copy:	Hon. Minister, MAFFS Deputy Minister I, MAFFS Deputy Minister II, MAFFS Principal Internal Auditor, MAFFS

APPENDIX IV ORGANISATIONAL STRUCTURE OF MAFFS



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