

Transmittal Letter



December, 2014

Honourable Chernor Bah
Deputy Speaker of Parliament
Sierra Leone House of Parliament
Tower Hill
Freetown
Sierra Leone

Dear Sir

SUBMISSION OF AUDITOR GENERAL'S ANNUAL REPORT

In accordance with Section 119 (4) of the 1991 Constitution of Sierra Leone, I have the pleasure and honour to submit my report on the Accounts of Sierra Leone for the financial year ended 31st December, 2013.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Lara Taylor Pearce', is written over a blue rectangular stamp.

Lara Taylor Pearce (Mrs.) FCCA, FCASL
Auditor General of Sierra Leone

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LIST OF ACRONYMS

AIG	-	Assistant Inspector General
ASSL	-	Audit Service Sierra Leone
CDS	-	Chief of Defence Staff
CMO	-	Chief Medical Officer
CRF	-	Consolidated Revenue Fund
DG	-	Director General
DHMT	-	District Health Medical Team
DMO	-	District Medical Office(r)
EU	-	European Union
FO	-	Finance Officer
HOC	-	Head of Chancery
HRMO	-	Human Resources Management Office
IASB	-	International Accounting Standards Board
IFRS	-	International Financial Reporting Standards
IT	-	Information Technology
JLU	-	Joint Logistics Unit
JMU	-	Joint Medical Unit
MAFFS	-	Ministry of Agriculture Forestry and Food Security
MD	-	Managing Director
MDA	-	Ministries, Departments and Agencies
MEST	-	Ministry Of Education, Science and Technology
MFAIC	-	Ministry of Foreign Affairs and International Cooperation
MMOs	-	Mines Monitoring Officers
MoFED	-	Ministry of Finance and Economic development
MOU	-	Memorandum of Understanding
MS	-	Medical Superintendent
NASSIT	-	National Social Security and Insurance Trust
NPPA	-	National Public Procurement Authority
NRA	-	National Revenue Authority
PETS	-	Public Expenditure Tracking Survey
PHU	-	Primary Health Unit
PMTc	-	Peace Mission Training Centre
PS	-	Permanent Secretary
PTT	-	Performance Tracking Table
SLRTA	-	Sierra Leone Road Transport Authority

FOREWORD



In my Annual Report I present the results of our work for the year. We have conducted the financial audit of the Public Accounts, compliance audits in Ministries, Departments and Agencies as well as Public Enterprises, Commissions and Schools. This year we completed two performance audits and they are presented in a condensed form. Of special interest is Chapter 5, *Procurement: A Government-wide Study* which is concerned with the effectiveness of procurement unit practices and procedures and their relationship with the National Public Procurement Authority (NPPA). Not unrelated to this, I have long been concerned, as indeed have

donors and others, about the apparent paucity of actions taken by MDAs and other entities on recommendations made by my office. Consequently, this year, in common with the practice of many other Supreme Audit Institutions (SAIs), we have Chapter 6, *Follow-up on Recommendations 2010-2013*, which deals exclusively with this matter and will be a standard feature in future Annual Reports. As in previous years, there is also a summary chapter on audits of local government as well as one on the audits of Chiefdoms. In short, I report on all our audit activities so as to provide a comprehensive picture of the work of my office. All these audits are conducted in compliance with professional auditing and ethical standards generally recognised around the world.

I think of my report as having overarching themes. This year there is a particular focus on procurement and on our past recommendations. This is not to say that my focus of 2011 and 2012 on the need to firmly address basic elements of internal control and the cash-based accounting model as well as the quality and accuracy of accounting, have been addressed to my satisfaction. Far from it; not enough has or is being done and my concerns remain. As has been said before, the very definition of what constitutes the government accounting entity needs to be addressed. Perennially and for no good reason it seems that not all government bank accounts are included in the Financial Statements of the Government of Sierra Leone. It is beyond time for the Accountant General's Department to study and recommend the adoption of a recognised international standard of financial reporting and to work towards its implementation.

While I commend the work done and continue to adopt the Treasury Single Account as a basis for cash management by the Ministry of Finance and Economic Development (MoFED), it bears repeating that there remains a critical need to address the most basic elements of control and record-keeping, records management, asset protection and greater adoption of information technology in the public sector.

The health emergency has made this year an especially difficult one for all Sierra Leoneans. With that in mind I want to express my deep and profound gratitude to all government officials for their cooperation and assistance under challenging circumstances. I would be failing in my duty if I do not thank my very hard working staff for all their contributions in putting this report together. It is with considerable pride I present this report; the result of their hard work. I commend it to you.

A handwritten signature in blue ink, appearing to read 'Lara Taylor-Pearce', with a stylized flourish at the end.

Lara Taylor-Pearce (Mrs.) FCCA FCA (SL)

EXECUTIVE SUMMARY

About this Executive Summary

This executive summary draws on the Main Points of each chapter in this annual report. Where necessary further explanations are added so that overall the summary is a standalone chapter that accurately reflects the overall content. It is laid out in the same sequence as the chapters in the annual report. Readers seeking more detailed information need only go to the individual chapters.

The Role of ASSL

We are the guardians of the public purse and Sierra Leone's economic security. Acting in a professional, ethical and transparent manner, we audit and report on the stewardship provided by the government over monies received - whether from taxpayers, donors or others - and related expenditures from these funds.

Through independent professional audits, we establish to a reasonable level of assurance that public monies are used by the government in the manner intended by Parliament. We assess how and whether these funds are being clearly and accurately reported by government and how they are used in terms of economy, efficiency and effectiveness.

We report to Parliament in the first instance but also to the citizenry of Sierra Leone and other stakeholders.

The Public Accounts

The most significant outcome from my audit work for 2013 has been the issuance of an "except for" qualified opinion on the Financial Statements of the Government of Sierra Leone, commonly referred to as the Public Accounts. The matters giving rise to the qualified opinion were as follows:

We found extensive issues on control over domestic revenue, government bank balances, procurement and external public debt that continue to give rise to concern. A summary of these matters is set out below.

- **Domestic Revenue-** There were no regular reconciliation between the cash books maintained by finance officers of the NRA in respect of the various revenue departments and the transit banks, between NRA and transit banks, between NRA and the Bank of Sierra Leone (BSL). In addition, Treasury Transit Accounts are used by the National Revenue Authority to collect money on behalf of government. Monies from these accounts should have been transferred to the Consolidated Fund at close of business on 31st December, 2013. However, this was not done. Consequently, Government Domestic Revenue for the Year ended 31st December, 2013 as presented in the Public Accounts, did not include all monies collected. There was also no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by National Revenue Authority

We were unable to estimate the potential misstatement due to the uncertainties surrounding the amount disclosed in the accounts and those recorded in the yearly reconciliation and bank confirmations. Collection, sound accounting practices and internal control of Government revenue are critical if important public services are to be properly funded. In the current weak control environment there is a significant risk that all monies due to Government are not being collected and that monies collected are not being properly used. As a priority a basic control structure should be put in place and followed.

... except for the matters in the opinion paragraph... the Public Accounts do give a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2013 ...

- **Government Bank Balances-** Government bank balances disclosed in the Public Accounts were not free from material misstatement, due to amounts from some accounts not being included, and others being included in error. We observed that a total credit balance of Le101.6 billion and a total debit balance of Le 3.06 billion confirmed as per confirmation letters were not included in the ledger accounts. Consequently I am unable to confirm whether the cash and bank balance with commercial banks and the central bank disclosed in the public accounts is free from material misstatement. As all Government revenue and expenditure transactions must pass through Government bank accounts there is also a risk that some revenue and expenditure transactions related to these accounts have not been accounted for properly.
- **Procurement-** Uncompetitive and unfair procurement processes, inadequate contract management and missing tender documentation were observed during the course of the audit. In many cases there was no evidence of fair, transparent and competitive processes being followed in awarding contracts. For instance, we found that MDAs undertook Le 9.2 billion in procurements for which the PPA and Regulations were not followed. In addition, salient supporting documents such as; performance bonds, GST returns, and contractual agreements covering Le 13.3 billion of procurements, though requested, were not presented for audit. Furthermore, Le 1.64 billion out of a total contract price of Le2.3 billion was paid before the contract was signed. This was for the supply of uniforms to the Ministry of Health and Sanitation.

Procurement regulations are in place to ensure Government achieves value for money when it purchases goods and services. If these are not followed there is a significant risk that this objective is not met and that Government money is wasted. (See also Chapter 5, A Government-wide Review of Procurement)

- **External Debt-**Our audit procedures to confirm the completeness and accuracy of debts recorded involved requesting confirmations from external creditors and obtaining roll forward schedules detailing the movement of individual debts during the year. Confirmation letters were sent by the Financial Secretary to the creditors in April 2014. Out of a total of Le3.6 trillion for multilateral and bilateral debt as per the government books; direct confirmations for debts totalling Le3.1 trillion were received. This represented 85% of the total bilateral and multilateral debt. Outstanding debt amounting to Le535.2 billion which is 15% of total creditor balance remained unconfirmed.

... the various issues giving rise to my qualified 'except for' opinion are very serious in terms of their effect on the accounts, and need to be dealt with urgently ...

It must be noted that the various issues giving rise to my qualified 'except for' opinion are very serious in terms of their effect on the accounts, and need to be dealt with urgently. Unfortunately, they serve to further confirm the government's widely held reputation of being unable to decisively deal with poor public financial management. Our public servants could and should do better. As I have said before, with a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done. That is the responsibility of the government and all public officials.

Parliamentarians, Ministers and public sector managers at all levels need to provide leadership in not accepting petty and grand corruption as normative. Those in position to do so should follow the money when things go wrong. As citizens, none of us should ever accept fiduciary irresponsibility from those charged with holding the strings of the public purse. To do so is morally corrosive, erodes our civic rights and damages our hard-won young democracy.

In the following sections of this executive summary I provide high level if summarized views of what was revealed by our audits this past year. I commence with common issues that are found across all MDAs, PEs, Councils and Schools.

Common Issues

Several matters that are common to virtually all MDAs, PEs, Councils and Schools are as follows:

- Significant procurement irregularities;
- Payments without supporting documents;
- Payments without adequate supporting documents;
- Imprests without retirement details;
- Withholding Tax not deducted and paid to the NRA;
- Stores items not taken on ledger charge;
- Monthly bank reconciliations not prepared;
- Fixed assets registers not maintained;
- Fixed assets registers not updated; and
- No effective internal audit units.

Follow-up on Previous Recommendations

Almost without exception our observations and recommendations are not being given the attention they deserve or that Parliament, citizens and international donors have a right to expect. For example, Freetown City Council has implemented less than 4% of our recommendations and, from the nine entities reviewed, another three have implemented less than 10%. Overall only 19% have been implemented. In absolute numbers, for the three years 2010 to 2013 there were 682 recommendations for the nine entities of which 130 were implemented, 508 were not implemented and 44 are in process.

Overall only 19% of recommendations have been implemented.

There is a clear pattern of ASSL repeating observations across all the audit entities we reviewed. The areas of repetition relate to basic tenets of public financial management and compliance with the laws of this country. Dereliction of duty by public officers in question are largely in the following areas:

- Cash management and internal control;
- Compliance with procurement laws and regulations;
- Basic records maintenance of an administrative and financial nature; and
- Protection of assets.

The value of the transactions associated with these areas of concern – that resources are not well managed – is on a very significant scale. In short, there are problems in every area of public financial management.

Procurement – A Government-wide Review

If there is an overarching conclusion from this review it would be that the legislative framework for the conduct of public procurement in Sierra Leone has been reasonably well crafted but its implementation in MDAs and other entities is incomplete. It has not yet gained traction with the result that value for money is not being achieved.

... the legislative framework for ... public procurement in Sierra Leone has been reasonably well crafted but its implementation in MDAs and other entities is incomplete....

Of the 86 recommendations relating to procurement made between 2010 and 2012 for the eight MDAs and other entities reviewed, only 17 or less than 20% have been implemented.

The 2012 Country Assessment of Procurement Report (CAPR) made 109 recommendations 55 of which related to the legal framework. Many of the 55 have been incorporated into a proposed series of amendments to the PPA 2004. These have been presented to Cabinet for consideration and we understand that after some adjusting by the law writers the amendment Bill will be presented to Parliament.

Procurement officers, despite being a separate cadre in the civil service, are not respected as a profession and very few have not received sufficient level of training to handle the complexities of modern public procurement in a development environment.

... procurement officers, despite being a separate cadre in the civil service, are not respected as a profession ... very few have received sufficient training to handle the complexities of modern public procurement ... (and) have little or no independence ...

Their morale is low. They feel largely undervalued, powerless and underpaid. In many instances they are organisationally isolated with no directorates, few resources and are largely unsupported by senior management.

Procurement officers have little or no independence, report to the vote controllers, and many commented on bureaucratic interference in the selection of suppliers. Historically the procurement function was carried out by accounting or finance officers. There is the suggestion that in some MDAs the finance officers weaken the efforts of their procurement colleagues by, for example, insisting that

they alone have the duty to officially record transactions and maintain transaction files.

In most cases procurements plans are not followed. Various reasons are proffered for non-compliance including a lack of funds due to delays in receiving budgetary allocation from the Accountant General's Department, which is responsible for national commitment control and payments to suppliers. This in turn, it is claimed, gives rise to excessive use of restricted bidding – frequently sole-source – due to supplier lead times and the apparent urgency of the requirement. It was also said that senior management frequently direct contracts to preferred suppliers.

The NPPA is underfunded for the task that lies ahead. The less than 50 staff it currently enjoys is likely insufficient to undertake the level of monitoring and evaluation required or to address the training urgently needed to raise the professionalism of procurement officers throughout MDAs and other entities.

The proposed amendments to the PPA 2004 are a good start but will not in and of themselves address the two core issues of NPPA funding for extensive government-wide capacity building or the profound need for a change in corporate culture to one that supports, respects and values the role of procurement officers and the adoption of good practice.

In short, with over 70% of the government budget related to procurement, doing it right in every sense should be a priority and is very urgent.

... proposed amendments to the PPA 2004 are a good start but ... (do not) address the two core issues of NPPA funding for extensive government-wide capacity building or the profound need for a change in corporate culture to one that supports, respects and values the role of procurement officers and the adoption of good practice...

Performance Audit

In 2013 we submitted two performance audit reports to Parliament. The audits were concerned with the Municipal Solid Waste Management by Local Councils and Agricultural Mechanisation by the Ministry of Agriculture Forestry and Food Security.

Municipal Waste Management

From our findings we concluded that local councils have not carried out the collection, transportation, and disposal of municipal solid waste in a manner that ensures public health and safety and which protects the environment.

We noted and in the report comment on the following:

- five of the local councils covered by the audit have not developed and implemented strategies to separate waste into different types;
- most councils do not provide sufficient transit skips for depositing waste;
- there was indiscriminate and illegal disposal of waste in public places in each council area;
- landfills in Freetown have reached their capacity levels and are no longer suitable for the disposal of waste;
- none of the councils had sufficient vehicles and equipment for collecting and disposing of waste; and
- there was no evidence of active monitoring of waste management at the local or national level.

Agricultural Mechanisation

From our findings we concluded that:

- the Ministry did not efficiently manage the hire-purchase scheme;
- the acquired farm machinery was not used to improve productivity;
- the mechanisms put in place by the Ministry did not minimise 'pre' and 'post' harvest losses; and
- the Ministry did not provide adequate technical support to farmers.

Collectively, these failings in promoting mechanisation and not providing the necessary technical support significantly affect the ability of farmers to improve productivity.

We noted and in the report comment on the following:

- only 26% of instalment payments had been made by farmers and in 2013 only 0.4% of payments due were collected;
- hire purchase tractors developed serious mechanical problems in the first year;

- the Ministry provided a mobile mechanical workshop, with trained operators, to carry out necessary servicing and repair work free of charge but farmers commented that they could not afford to pay for the services of the workshop, suggesting that they were being asked to pay for services that should have been provided free;
- spare parts were not easily accessible in local markets;
- most farmers were still practicing the traditional clustered planting of seed rice, which resulted in low yields instead of the recommended line planting of rice seed for inland valley swamps; and
- a review of Agricultural Business Centres revealed that more than 50% had low activity levels and in excess of 10% were completely dormant.

Ministries, Departments and Agencies

We estimate there have been losses in cash and stores of Le9,710,223,271. As in previous years this has occurred for a number of reasons, some inter-related and overall strongly suggest that public financial management has much room for improvement in all MDAs. For example;

... we estimate ... losses in cash and stores of Le9,710,223,271....

- Monies allocated to some MDAs are not accounted for at all;
- A perennial problem, payments without adequate supporting documents persists in almost all the MDAs;
- Monthly bank reconciliations are not carried out in most MDAs. This is a fundamental failure of internal control over cash and banking procedures. This control should also be undertaken by persons with no access to the physical cash or bank statements, i.e. there should be segregation of duties between those handling cash and accounting for it;
- There are significant weaknesses in the management of revenue in most if not all of the revenue generating entities. For instance, transferring funds to NRA is subject to unnecessary delay;
- We noted many cases where withholding taxes are not deducted from suppliers or contractors;
- Several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery;
- Moneys intended to be managed by imprest accounts are not properly closed out or accounted for, with the result that control over imprest accounts is weak and analyzing and posting expenditure accurately to ledger accounts is seriously impaired; and
- Fixed assets, stores and fuel records are not adequately recorded in applicable registers and other records.

In addition, and all too frequently, requested documents were not made available to our auditors for review. The extent to which our recommendations for improvement in controls remain unimplemented is not acceptable and many entities have failed to make adequate, if any, responses to our findings.

These findings do not inspire confidence that resources are being managed optimally with due regard for economy, efficiency or effectiveness or fully in accordance with the intent of Parliament.

Public Enterprises and Donor Projects

In general and across virtually all Public Enterprises and Commissions the significant matters identified in the audit examinations fall into the following areas:

- poor management of procurement transactions;
- no supporting documentation for transactions;

- relevant supporting documentations missing and
- mismanagement of assets mainly in the area of not making use of asset registers.

There are also instances of poorly managed or largely non-existent document filing systems; inadequate personnel records; payroll calculation errors and poorly functioning internal audit departments.

Overall these observations suggest a need for greatly improved financial management with a clear focus on basic principles of internal control, e.g. appropriate segregation of duties and sound procedures for authorizing, recording and reporting transactions.

City, Municipal and District Councils

The Financial Statements for eighteen Councils were submitted for audit before, or shortly after, the legislative deadline of 31st March, 2013. The Kenema City Council failed to submit financial statements for audit until five months after the statutory dead line and key personnel (the Chief Administrator and Finance Officer) were absent from their duty station. On the other hand, Kenema District Council did present financial statements for audit within the statutory deadline.

... Kenema City Council presented financial statements for audit, five months after the statutory deadline whereas Kenema District Council was on time.

The audits of the operations of the local councils indicated that the financial management of the Councils needs to be improved with a clear focus on basic principles of internal control and proper records management. Significant matters identified in the audit examinations across all Local Councils fall into the following categories:

- Inadequate budgetary process;
- Reporting and Presentation of Financial Information;
- Breaches of PPA and Regulations;
- Expenditure not supported by relevant documentary evidence;
- No guidelines for the payment of Councillor sitting fees and other allowances;
- Statutory Deductions not paid over to the relevant authorities;
- Inadequate control over the collection, recording and reporting of financial transactions;
- Set targets of the Performance Management Contract not met;
- Poor internal control environment;
- Poor IT control environment;
- Poor performance in the council's accounting and financial management systems compared to 2012
- Control weaknesses in the reporting and presentation of financial information in the Financial Statements;
- Poor budgetary performance as well as inadequate collection and monitoring of own source revenue;
- Inadequate control over cash and bank management;
- Non-compliance with public financial management laws and regulations;
- Payments without supporting documents; and
- Outstanding issues in 2012 Reports.

These observations are expanded upon in the report and in even greater detail in the individual Councils' Reports submitted to the Minister of Local Government and Rural Development.

Local Chiefdoms

In general and across virtually all Local Chiefdoms the significant matters identified in the audit examinations fall into the following areas:

- Missing supporting documentation for transactions;
- Poor cash and bank account management practices;
- Monies not banked before utilized;
- Inadequate use of or a failure to use Asset Registers;
- Failure to deduct withholding tax from supplier remittances;
- Monthly Bank Reconciliations not carried out; and
- Precepts not deducted and paid to the Local District Councils.

There were also instances of largely unrepresented documents upon request by auditors. Those vital documents hindered the audit exercise and sadly, after thirty days in which personnel of various chiefdoms were advised to produce those documents, most of them were not made available.

Overall the findings suggest a need for greatly improved financial management with a clear focus on basic principles of book keeping.

Schools

Based on our review of schools we continue to believe that the Ministry of Education, Science and Technology (MEST) has done little to ensure that corrective action is taken to address administrative and financial management issues in the secondary school system. These are of the gravest urgency. There has been no improvement in the processing of Girl Child Refund. Refunds were made to ineligible beneficiaries and in some instances there was no evidence of refunds to eligible beneficiaries.

... we continue to believe that the Ministry of Education, Science and Technology (MEST) has done little to ensure that corrective action is taken to address administrative and financial management issues in the secondary school system.

Controls surrounding payroll administration in secondary schools remains weak. Unless adequate and immediate measures are instituted by the MEST to address these control weaknesses, payroll management in secondary schools may lead to loss of much needed government revenue and may frustrate delivery of educational services.

Other basic procedures that are not being observed as follows:

- there are extensive disbursements without adequate supporting documents;
- procurement rules not followed; and
- in some instances withholding taxes are not deducted and paid over to the National Revenue Authority.

We will continue to review the situation and we would hope to see evidence of improvement.

INTRODUCTION

The role of the public service is to deliver goods and services with integrity and economy as well as with efficiency and effectiveness. In these efforts civil servants are to comply with government policy as approved by Parliament. Strong financial management is also a key component of good public administration. Our role as the external auditor of government activities is to be an independent professional voice assessing how well the government, supported by the public employees, delivers services generally and public financial management in particular.

We are concerned with how government expenditure is accounted for and equally with the orderly and equitable collection of government revenue from all sources. Part of our role, through our audit reports, is to build the confidence of all stakeholders in our State institutions when warranted and to bring out note worthy issues when necessary. Only a well-functioning Sierra Leone can deliver the essential support and services to citizens. As external auditors, we examine and report on how well government is doing in terms of legal compliance and regularity as well as its performance in regard to economy, efficiency and effectiveness of its operations. We look at inputs, outputs and outcomes and in doing so help make government accountable.

Expressed another way, the role of ASSL is to review government's performance as the custodian of public funds and to ensure that they are used in the manner intended by Parliament as well as being clearly and accurately reported. We examine the activities of government and express our opinion thereon shaping our professional judgment through the prism of accounting and auditing standards that are applied globally. In particular we comply with The International Organisation of Supreme Audit Institutions (INTOSAI) professional and ethical standards and are very active in its regional body, The African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E). Indeed, the Auditor General of Sierra Leone, Mrs. Lara Taylor-Pearce, is Chairman of the Governing Board of AFROSAI-E for the next three years.

Recognising our need to keep developing, we also avail of AFROSAI-E training programs to strengthen our professional staff. We continue to get better at performing our role and are reaping the benefit of focused recruitment of talented staff, our own quality control initiatives, broad based technical training as well as donor funded capacity building. In the past year ASSL has continued to deliver internal training seminars and workshops. Selected members of our staff have attended training overseas as well.

Currently in the environs of Freetown ASSL operates from a number of locations including the Youyi and Lotto buildings. Construction has stopped on our new headquarters at Tower Hill but we hope it will resume soon. The new headquarters will permit consolidation of all Freetown staff into one location.

We need the new building for reasons of efficiency and effectiveness but our greatest need continues to be skilled professional resources. We have been active and enjoyed some considerable success in recruiting young graduates from local universities. Upon hiring, the graduates are encouraged to pursue certification as full members of the professional accounting bodies. We have also been able to attract experienced professionally qualified staff from the domestic market into mid and senior level positions. As ever, more financial resources are needed as we pursue the improvement of public financial management as is our mandate under the Constitution, the Audit Service Act and other related financial legislations.

Mandate

Section 119 of the *Constitution of Sierra Leone* mandates the Auditor General to audit the Public Accounts of Sierra Leone and all public offices, including the Courts, the accounts of the Central and Local Government Administration, of the university and public institutions of like nature, statutory corporation, company or other body and organisation established by an Act of Parliament or statutory instrument or otherwise set up partly or wholly out of public funds shall be audited and reported by or on behalf of the Auditor General.

A very notable event for ASSL this year was the passage by Parliament of the new *Audit Service Act, 2014* replacing the *Audit Service Act 1998*. The new legislation was signed into law by H. E. the President on 24TH August 2014 and sets down *inter alia* the organization of the Audit Service, the right of access to documents and records and the power to call witnesses. Separately, under section 64(4) of the *Government Budgeting and Accountability Act 2005* the Auditor General has the right to surcharge any person in certain circumstances.

ASSL's Vision

Audit Service is the guardian of Sierra Leone's economic security.

Mission Statement of ASSL

To continue to be a respected, agile, merit-based and ethically transparent institution dedicated to assuring the productive stewardship of the investments of taxpayers and other stakeholders, and safeguarding of the citizen's interest in the public sector.

Reading this Report

In addition to this Introduction there are several sections to this report. Each chapter deals separately with discrete components of the activities of government. The sections are as follows:

- My Audit Opinion on the financial statements of the government of Sierra Leone for the year-ended December 31, 2013, officially known as the Public Accounts, and related comments on the audit examination findings;
- A government-wide review of procurement chapter;
- A chapter on follow-up of recommendations in general;
- A summary chapter describing two performance audits submitted to Parliament as Special Reports under section 66(4) of the Government Budgetary and Accountability Act, 2005;
- Findings arising from compliance audits conducted in those entities charged with delivering specific programs of the government. In short, Ministries, Departments and Agencies with explicit responsibilities for aspects of our system of governance, such as, finance, education, health, security and defence;
- Matters arising from audits of the many parastatal enterprises and commissions which though separate from government are nonetheless part of it;
- Local government and Chiefdoms; and
- Finally there is a Section on our findings during the audits of schools and vocational institutions.

I have continued to use the plain language approach begun in my 2010 report. This is in the interest of clarity and communicating unambiguously facts on the condition of public financial management in Sierra Leone and my views on what needs to improve.

I recommend this report in its entirety to all citizens of Sierra Leone and in particular to our elected representatives in Parliament. I recognise however that not everyone has either the time or inclination to read all the detail it contains. For readers not wishing to dive into the particulars, I include at the beginning of each chapter a summary called Main Points.

In these I set out three basic matters:

- *What we examined* - we describe what the audit looked at and in some cases what we did not look at;
- *Why it's important* - we make the case for the relevance and significance of an area or issue; and
- *What we found* - the most significant findings of the audit.

The intention of Main Points is to succinctly convey quickly and accurately the major messages arising from our work. They set out the key matters that came to our attention as we performed our duties under the Constitution and the Audit Service Act which, in our judgment, need to be addressed by the government and the public service and brought to the attention of citizens and parliamentarians.

A Word of Thanks

As I said in the Foreword the health emergency has made the past year an especially difficult one for all Sierra Leoneans. I would like to take this opportunity to express my thanks to the Parliamentarians, Ministers of Government, public officials and to my own staff for the cooperation and assistance received in conducting the work of the Audit Service Sierra Leone. It is with considerable pride I present this report, the work product of my dedicated staff. I commend it to you.

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CHAPTER 1

1.1. AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

1.2. MAIN POINTS

- **What we examined**

The audit examination of the Public Accounts is a risk-based audit. We select on a test basis a sample of transactions from the Integrated Financial Information Management System (IFMIS) and examine the underlying supporting documentation. We also verified the accuracy of the compilation process used to create the financial statements and reviewed the system of internal control in place. These included, but not limited to, segregation of duties, authorization, record keeping and selected controls over computer systems.

- **Why it is important**

The Public Accounts comprise a statement of the financial Assets and liabilities of the Consolidated Fund, a statement of financial performance, a statement of receipts and payments and other notes of explanations and elaboration. These financial statements are an expression of the government's accountability to parliament and civil society on how well it has exercised its responsibilities as custodian of the public purse. They are a report on the extent to which the Government has complied with the intent of Parliament as no revenue or expenditure may be collected or spent except as authorised by a parliamentary vote.

- **What we found**

We found sufficient and appropriate audit evidence to support a qualified opinion on the financial statements of the government of Sierra Leone (the Public Accounts). The audit evidence I have gathered was sufficient throughout the financial statements to render the financial statements to be a true and fair expression of the financial position and performance of the government with the exception of the effect of the issues mentioned in the basis of the opinion paragraphs as set out below.

Issuing a qualified opinion, on the accounts of government even though an improvement from previous audit opinion issued, still needs to be thoroughly looked into. It has come about from our professional judgment based on the facts revealed by the Public Accounts audit and, indirectly, on the findings of the many other audits undertaken by my office throughout 2014 on the transactions carried out in 2013.

We found various issues on control over domestic revenue, government bank balances, procurement and external public debt. A summary of these matters is set out below.

- **Domestic Revenue**

There were no regular reconciliation between the cash books maintained by finance officers of the National Revenue Authority (NRA) in respect of the various revenue departments and the transit banks and between NRA and transit banks and between NRA and the Bank of Sierra Leone (BSL). In addition, Treasury Transit Accounts are used by the National Revenue Authority to collect money on behalf of government. Moneys from these accounts should have been transferred to the Consolidated Fund at close of business on 31st December, 2013. However, this was not done. Consequently, Government Domestic Revenue for the Year ended 31st December, 2013 as presented in the Public Accounts, did not include all moneys collected. There was also no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by National Revenue Authority.

We were unable to estimate the potential misstatement due to the uncertainties surrounding the amount disclosed in the accounts and those recorded in the yearly reconciliation and bank confirmations.

- **Government Bank Balances**

Government bank balances disclosed in the Public Accounts were not free from material misstatement, due to amounts from some accounts not being included, and others being included in error. We observed that a total credit balance of Le101.6 billion and a total debit balance of Le3.06 billion confirmed as per confirmation letters were not included in the ledger accounts. Consequently I am unable to confirm whether the cash and bank balance with commercial banks and the central bank disclosed in the public accounts is free from material misstatement

- **Procurement**

Uncompetitive and unfair procurement processes, inadequate contract management and missing tender documentations were observed during the course of the audit. There was no evidence that auditees had followed a fair, transparent and competitive process for some awards. For instance, Le9.2 billion was identified as procurements undertaken by various Ministries, departments and agencies (MDAs) for the supply of goods and services for which procurement procedures were not followed. In addition, Le13.3 billion represented procurements carried out but certain salient documents such as performance bond, GST returns, and contracts documents were not submitted upon request. Furthermore, Le1.64 billion out of a total contract price of Le2.3billion was paid before signing of the contract for the supply of uniforms by the Ministry of Health and Sanitation. The payment date preceded the contract date.

- **External Debt**

Our audit procedures to confirm the completeness and accuracy of debts recorded involved requesting confirmations from external creditors and obtaining roll forward schedules detailing the movement of individual debts during the year. Confirmation letters were sent by the Financial Secretary to the creditors in April 2014. Out of a total of Le3.6 trillion for multilateral and bilateral debt as per the government books; direct confirmations for debts totalling Le3.1 trillion were received. This represented 85% of the total bilateral and multilateral debt. Outstanding debt amounting to Le535.2 billion which is 15% of total creditor balance remained unconfirmed.

It must be noted that the various issues giving rise to my qualified 'except for' opinion, while very serious indeed in terms of their effect on the accounts, are not profound or even complex, yet there is an urgent need to deal with them. With a stronger commitment and willingness to address public financial management reform and strong enforcement of existing well-established laws and regulations, the matters could be put right quickly as other countries have done. That is the responsibility of the government and all public officials.

The matters found in our audits relate to very basic accounting accuracy, internal control, accountability and governance issues and they plague, not for the first time, public financial management in this country. Many of these have been reported in the past and ought not to have been repeated.

1.3. AUDITOR GENERAL'S OPINION ON THE PUBLIC ACCOUNTS

I have audited the accompanying Public Accounts of the Government of Sierra Leone for the year ended 31st December, 2013. The Public Accounts comprise of a statement of receipts and payments and its Notes and Explanations, and an additional financial statements which comprises the statement of financial assets and liabilities of the Consolidated Fund, a statement of financial performance, and other notes of explanations and elaboration to the public accounts.

Responsibility of the Ministry of Finance and Economic Development for the Public Accounts

The overall responsibility for maintenance, preparation and submission of the public accounts lies with the Minister of Finance and Economic Development. Section 3(2) (h) of the Government Budgeting and Accountability Act (GBAA), 2005 states that it shall be the responsibility of the Minister to maintain subject to subsection (3) of section 119 of the Constitution and any other enactment, the annual accounts of Sierra Leone and submit them to the Auditor General for audit and cause to be published for general public interest”.

The responsibility of the Accountant General for the Public Accounts is in Section 12(1) (a) of the GBAA, 2005 which states that the Accountant General shall be responsible for “... the compilation of the public accounts”.

Other responsibilities include:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor General

The Public Accounts of the Government of Sierra Leone are subject to audit by the Auditor General in accordance with Section 119(2) of the Constitution of the Republic of Sierra Leone, 1991. My responsibility is to express an opinion on these financial statements based on my audit.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made;
- overall presentation of the financial statements; and
- adequacy of design and the effective implementation of internal controls.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide the basis for my audit opinion.

Basis for Qualified Opinion

Compliance with the Government Budgeting and Accountability Act 2005

Non-Inclusion of Revenue Arrears in the Accounts

A careful examination of the 2013 accounts of the Government of Sierra Leone revealed that the accounts did not disclose outstanding revenue arrears to be collected by each budgetary agency in accordance with section 57(5g) of the Government Budgeting and Accountability Act 2005, which states that “The annual statement of public accounts shall include a summary statement of revenue arrears to be collected by each budgetary agency”.

Government Bank Balances

The following were established;

- Reconciling the balances on the bank confirmation letters from the Bank of Sierra Leone and the Commercial Banks, with the public account revealed that total credit balances of Le135.6 billion and a total debit balance of Le3 billion were not confirmed.
- In reconciling the balances on the bank confirmation letters from the Bank of Sierra Leone and the Commercial Banks against the Ledger account in the public account, we observed that total credit balances of Le101.6 billion and an overdrawn balance of Le3.06 billion confirmed, were not included in the Ledger Accounts. As a consequence of this it is also possible that revenue and expenditure transactions processed through these accounts have also been omitted in error from the public account.

Consequently I am unable to confirm whether the cash and bank balance with commercial banks and the central bank disclosed in the public accounts is free from material misstatement.

Domestic Revenue

During the course of the audit the following were observed:

- There were no regular reconciliation between the cash books maintained by finance officers of the National Revenue Authority (NRA) in respect of the various revenue departments and the transit banks and between NRA and transit banks and between NRA and the Bank of Sierra Leone (BSL) There was no process by which the amount assessed by revenue collecting MDAs was compared to the revenue collected by National Revenue Authority.
- A review of various transits bank confirmation letters revealed a total of Le5.766 billion as opposed to Le1.497 billion that was recorded in the statement of financial performance as cash in transit. The cash in transit was therefore understated by Le4.269 billion on the financial statement.

The issues above raise some doubt over the disclosure of revenue in the accounts.

External Public Debt

I was able to obtain sufficient appropriate audit evidence that the External Public Debt disclosed in the Public Accounts is not absolutely free from material misstatement. This is due to the following reason;

Out of a total of Le3.6 trillion for multilateral and bilateral debt as per CS-DRMS report; direct confirmations for debts totalling Le3.1 trillion were received. This represented 85% of the total bilateral and multilateral debt. Outstanding debt amounting to Le535.2 billion which is 15% of total balance was not confirmed by the creditors.

Qualified Opinion

In my opinion, except for the matters in the opinion paragraph above, the Public Accounts do give a true and fair view, of the financial position of the Government of Sierra Leone as at 31st December, 2013 and its receipts and payments and additional financial statements- statements of financial performance, statement of financial assets and liabilities for the year then ended in accordance with section 57 of the Government Budgeting and Accountability Act, 2005 and other applicable laws and regulations.

Emphasis of matter

Domestic Revenue

Out of a sample of one hundred (100) Goods and Services Tax (GST) files requested for audit purpose, only twenty-three (23) files were presented. The other seventy seven (77) files were not presented.

Non-Salary, Non-Interest Recurrent Expenditure and Domestic Development Expenditure

I was not provided with supporting documents to substantiate expenses amounting to Le8.8 billion. This represented approximately 1.1% of the expenditure spent on non-salary, non-interest recurrent expenditure and domestic development expenditure. Some Payment vouchers with expenditure amounting to Le3.9 billion were also not supported by adequate documentary evidence. This represented 0.5% of the expenditure spent on non-salary, non-interest recurrent expenditure and domestic development expenditure.

OTHER MATTERS

Other matter (s) I wish to bring to the attention of those charged with governance

Payroll

Payroll irregularities observed were mainly in respect of unearned salaries paid to retired staff on government payroll. The continued delay or failure to delete the names of retired persons from the payroll accounted for the prevalence of this occurrence. During the period under review an amount of Le105 million was recorded for a total of 22 staff. Out of this, government paid an amount of Le69.9 million for 10 staff for the Ministry of Defence and an amount of Le35.3 million in respect of 12 staff of the Ministry of Education Science and Technology

Procurements

The following were observed

A total of Le9.2 billion was identified as procurements undertaken by various Ministries, departments and agencies (MDAs) for the supply of goods and services for which procurement procedures were not followed.

An amount totalling Le13.3 billion represented procurements carried out but certain salient documents such as performance bond, GST returns, and contracts documents were not submitted upon request.

An amount of Le1.64 billion out of a total contract price of Le2.3billion was paid before signing of the contract for the supply of 99,477 yards of uniforms by the Ministry of Health and Sanitation. The payment date preceded the contract date.



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

1.4. FINANCIAL STATEMENTS OF THE GOVERNMENT OF SIERRA LEONE

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st DECEMBER 2013

In millions of Leones

		2013		
	Notes	Receipt / (Payments) Central Government	Projects & Sub-vented	Total
RECEIPTS				
Taxation	(3)			
Income Tax		904,615	-	904,615
Customs and Excise		484,443	-	484,443
Goods & Services Tax		443,710	-	443,710
		1,832,768	-	1,832,768
Non-Tax	(4)			
Mineral Resources		328,648	-	328,648
Fisheries		7,955	-	7,955
Other Departments		73,529	64,310	137,839
Road User Charges		68,691	-	68,691
		478,823	64,310	543,133
Other receipts	(5)			
Staff loans and advances recovered		544	-	544
Sale of goods and services		-	62,038	62,038
GoSL Transfer		-	472,716	
Investment Income		-	-	-
		544	534,754	62,582
External Assistance	(6)			
HIPC Debt Relief Assistance		8,223	-	8,223
Global Fund Salary Support		10,778	-	10,778
Other Grants Received- External Donors		291,650	-	291,650
		310,651	-	310,651
Other Borrowings	(7)			
Loans Disbursed during the year		-	364,664	364,664
Sale of Treasury Bearer Bonds		34,657	-	34,657
Sale of Treasury Bills		305,802	-	305,802
		340,459	364,664	705,123
Total receipts		2,963,244	963,728	3,454,257

PAYMENTS

Operations	(8)			
Wages, Salaries and Employee Benefits		(1,067,436)	(201,217)	(1,268,653)
Non-Salary, Non-Interest Recurrent Expenditure		(835,831)	(566,413)	(1,402,245)
Domestic Development Expenditures		(373,389)	(104,609)	(477,998)
		(2,276,656)	(872,239)	(3,148,895)
O/W Transfers				
Grants to Educational Institutions		(124,145)	-	(124,145)
Transfers to the Road Fund		(68,691)	-	(68,691)
Transfers to Local Councils		(85,050)	-	(85,050)
		(277,886)	-	(277,886)
Loan and Interest Repayments	(9)			
Domestic Interest		(274,653)	(14)	(274,666)
Foreign Interest		(35,245)	-	(35,245)
Ways and Means Repayments		(46,832)	-	(46,832)
Principal Repayment		(86,702)	-	(86,702)
		(443,431)	(14)	(443,445)
Other payments	(10)			
Staff Salary Advances		(817)	-	(817)
Wages Arrears		(6,441)	-	(6,441)
Parastatal Arrears		(1,000)	-	(1,000)
Domestic Arrears		(17,215)	-	(17,215)
		(25,473)	-	(25,473)
Total payments		(2,745,560)	(872,253)	(3,617,813)
<hr/>				
Increase/(Decrease) in Cash		217,684	91,475	(163,556)
<hr/>				
Restated cash at beginning of year	(11)	(213,634)	78,635	(134,999)
Increase/(Decrease) in Cash		217,684	91,475	309,160
Cash at end of year		4,050	170,110	174,160

Kebbe A Kouroma

Accountant General

31 March 2014

NOTES OF EXPLANATIONS AND ELABORATION TO THE PUBLIC ACCOUNTS

The numbered notes that follow relate directly to the content of the financial statements above and are numbered accordingly.

1. General Information

The Financial Statements depicts the financial performance of the Government of Sierra Leone for the financial year ended 31st December 2013 on the basis of moneys received by, held in or paid out of the Consolidated Fund including amounts allocated to Projects during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority and administers cash expenditures incurred by all ministries, departments and agencies (MDAs) during the financial year. The amounts appropriated to the MDAs are not controlled by the MDAs but are deployed on their behalf by the Treasury on presentation of appropriate documentation and authorisation. Thus, the amounts reported as allocations/appropriations in the Statement of Cash Receipts and Payments are those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Public Accounts of the Government of Sierra Leone include the results of financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury and Other Public Funds relating to Donor Funds, especially Donor financed Development Projects, Receipts and Payments submitted in respect of their operations during the financial year 2013 has been included in the Financial Statements.

2. Summary of Significant Accounting Policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Annual Statement of Public Accounts.

(a) Basis of preparation

The Financial Statements of the Central Government has been prepared using cash basis of accounting in compliance with International Public Sector Accounting standard (IPSAS).

Revenues are reported in the period in which they are received and expenditures for Government operations are recognised when goods and services are received.

(b) Depreciation

No depreciation has been provided for as fixed assets are written off in the year of acquisition

(c) Staff Loans and Advances

Loans and Advances to government employees are recorded on a historic cost basis without any provision for diminution in value.

(d) Investments in Public Enterprises

Investments in Public Enterprises have been included in the accounts at the Government's Share of their nominal values as the Costs and Open Market Values of those Shares are not available.

(e) Classification of Accounts

The Public Accounts are classified in the same form as the National Budget and in accordance with the approved Chart of Accounts

(f) Foreign Currency Translation

The functional and reporting currency is Leones. Transactions in currencies other than Leones are translated into Leones at the prevailing rate of the transaction.

Assets and Liabilities denominated in foreign currencies are translated using the closing rates of exchange at the end of the year. Any resulting foreign exchange gains or losses are taken up in the General Revenue Account.

3. Taxation

The amount of Le1,833 billion represents total tax collected from various sources and paid into the consolidated fund for the year 2013.

In Millions of Leones				
	Actual 2013	Estimates	Variance	Percentage Variance
PAYE- GOVERNMENT EMPLOYEES	101,646	55,917	45,729	82%
PERSONAL INCOME TAX	793,563	111,572	681,992	611%
WITHHOLD.TAX	9,335	13,166	(3,831)	-29%
IMPORT DUTIES	484,443	405,565	78,878	19%
GOODS AND SERVICE TAX	443,710	360,803	82,907	23%
TOTAL TAX RECEIPT	1,832,697	947,022	885,675	

Detail analysis is provided in Appendix A

4. Non-Tax

The amount of Le478,823 billion represent amount collected from various sources (See Appendix A).

5. Other Receipts

Staff Loans and Advances

The amount of Le560 million represents the total repayment during the year of Loans outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

Project and Sub-vented Agencies

The total amount of Le1,250,150 million for PIUs and Sub-vented Agencies includes direct disbursements to projects and Government of Sierra Leone grants and counterpart funding during the year as follows:

In millions of Leones	
	2013
External Grants	615,628
Gosl Transfer	634,522
	1,250,150

6. External Assistance

In millions of Leones (unless otherwise stated)

Details	FY 2013 Budget	Actual	Variance
GRANTS			
HIPC Debt Relief Assistance	19,985.00	8,222.54	11,762.46
Other External Budgetary Assistance	178,932.00	302,428.06	(75,389.06)
UK DFID	94,874.00	£13.62	3,260.93
European Union	58,577.00	€28.19	(107,039.60)
African Development Bank	29,200.00	-	29,200.00
IBRD	-	-	-
IDA	-	\$7.47	(32,075.05)
Peace Building Fund	44,388.00	-	44,388.00
Japanese	-	-	-
Other Projects	-	\$3.06	(13,123.34)
MDRI Fund Transfer	-	-	-
Petroleum Strategic Fund Transfer	-	-	-
Total Grants	198,917.00	-	310,650.59
			(63,626.59)

7. Other Borrowings

The amount of Le364,664 million represents loans disbursed to projects during the year 2013. The amount of Le34,657 million is the net of treasury bearer bonds issued and matured during the year. Appendix J shows the details of the movement within the year.

The amount of Le305,802 million is the net of treasury bills issued and matured during the year. Appendix I shows the details of the movement within the year.

8. Payments

Wages, Salaries and Employee Benefits (See Appendix C)

The amount of Le51,338 million for Pensions, Gratuities and Other Retirement Benefits represents mainly payments made in the form of Gratuities and Pensions to Employees that have retired before 2002 in the case for pensions and those that retired in 2013 and beyond only gratuities are paid, also a total of Le79,403 million was paid out as government contributions to social security for public workers

In millions of Leones

	2013
Wages and Salaries	1,073,892
o/w Charged Emoluments	
Education	326,374
Health	110,631
Public Order and Safety	91,678
Defence	69,977
Recreation, Culture and Safety	-
Economic Services	59,996
General Public Service	221,193
Foreign Missions	51,765
Local Councils	5,750
Others	5,787
Social Security Contributions	79,403
Pensions, Gratuities and Other Retirement Benefits	51,338

Non-salary, non-interest recurrent expenditure (See Appendix D)

In millions of Leones	
	2013
Non-Salary, Non-Interest Recurrent Expenditure	854,046
o/w Education	145,803
Health	38,067
Defence	63,298
Police	60,045
Agriculture	18,849

Domestic Development Expenditures (See Appendix F)

The total amount of Le373,389 million (Le412,912 million 2013) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

9. Loans and Interest Payments

In millions of Leones	
	2013
Interest on Ways and Means	4,797
Interest on Treasury Bills	214,596
Interest on Treasury Bearer Bonds	55,258
Interest on NNIB Securities	274,653

Loan Repayments

In millions of Leones	
	2013
Principal Repayment	86,706
Ways and Means Repayments	46,832
	133,538

10. Other Payments

Staff Loans and Advances of Le817 million represents loans issued to employees of Government as well as Members of Parliament during the year. Wages arrears of Le6,441 million represents payments to employees for previous years. This amount has been reported separately. See appendix C on wages, salaries and employee for details. Parastatal and Domestic arrears of Le1,000 million and Le17,215 million respectively, represent amount owed but paid during the year 2013. This amount has been reported separately. See appendix D on non-salary, non-interest recurrent expenditures for details.

11. Restated Cash at the beginning of the year

In Millions of Leones

Bank	2013
Balance as at 31 Dec 2012	193,851
Less balances not part of Consolidated fund	(122,385)
Balances with Commercial Banks	71,466
Balances with the Central Bank	7,169
Restated book Balance	78,635

ADDITIONAL FINANCIAL STATEMENTS

STATEMENT OF THE FINANCIAL ASSETS AND LIABILITIES OF THE CONSOLIDATED FUND

as at 31st December 2013

In millions of Leones	Notes	2013	2012
CONSOLIDATED FUND ASSETS			
CASH AND BANK BALANCES			
Cash and Bank Balances with the Central Bank	(3)	52,413	82,532
Cash and Bank Balances with Commercial Banks	(4)	157,299	193,851
Cash in Transit Account		1,497	20,556
Cash in hand with PIUs		52	50
		211,261	296,989
LOANS AND ADVANCES			
Staff Loans and Advances	(5)	1,326	1,054
Debtors – Privatisation	(6)	3,375	4,175
Miscellaneous Debtors	(7)	8,130	8,130
		12,831	13,358
INVESTMENTS			
Multilateral Agencies	(8)	56,706	56,304
Public Enterprises	(9)	136,241	136,241
		192,948	192,545
Total Consolidated Fund Assets		417,040	502,893
CONSOLIDATED FUND LIABILITIES			
SHORT TERM			
Cash and Bank Balances with the Central Bank	(3)	36,581	296,167
Cash and Bank Balances with Commercial Banks	(4)	520	5
Domestic Suppliers Arrears	(10)	24,556	29,246
Domestic Public Debt	(11)	1,435,468	1,141,842
		1,497,126	1,467,260
LONG TERM			
Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone	(12)	81,803	81,803
Creditors	(13)	-	1,496
5 Year Bond	(14)	357,516	357,516
External Public Debt	(15)	4,601,313	4,288,921
		5,040,632	4,729,736
Total Consolidated Fund Liabilities		6,537,757	6,196,996
NET CONSOLIDATED FUND LIABILITIES		6,120,717	5,694,103

Attributable to

GENERAL REVENUE BALANCE

Balance at beginning of year		5,694,103	5,039,334
Prior Year Adjustments	(16)	94,749	152,204
Restated Balance		5,788,852	5,191,538
Special Funds	(17)	(112)	(114)
Foreign Exchange Loss written off		62,343	(122,478)
Increase in Government Share of Equity- Public Enterprises		-	(12,027)
Disbursement to Sub-vented Agencies & Project		364,664	-
Net (Surplus)/Deficit for the period		(95,030)	637,184
Balance at end of year		6,120,717	5,694,103

Kebbe A. Kouroma
Accountant General

31st March 2014

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31st December 2013

In millions of Leones

		2013					
	Notes	Original Budget	Actual	Variance	Projects & Sub-vented	Total	2012 Actual
OPERATING REVENUE							
Domestic Revenue Collection	(18)						
Income Tax		809,645	904,615	(94,970)	-	904,615	704,041
Customs and Excise		437,006	484,443	(47,437)	-	484,443	341,258
			443,710			443,710	417,966
Goods & Services Tax		513,004		69,294	-		
Mineral Resources		189,000	328,648	(139,648)	-	328,648	232,878
Fisheries		6,430	7,955	(1,525)	-	7,955	7,861
Other Departments		70,152	52,138	18,014	72,405	124,543	373,911
Revenue in Transit			1,497	-	-	-	20,556
Sale of Goods and Services				-	62,038	62,038	97,684
Road User Charges		40,839	68,691	(27,852)	-	68,691	34,957
Total Domestic Revenue		2,066,076	2,291,697	(225,621)	134,443	2,424,643	2,231,112

Other Revenue (Direct Grant Budgetary Support)	(19)						
HIPC Debt Relief Assistance		-	8,223	(8,223)	-	8,223	27,242
Global Fund Salary Support		32,583	10,778	21,805	-	10,778	
Other Grants Received- External Donors		164,148	291,650	(127,502)	364,664	656,314	634,631
Projects & Sub-vented Agencies (GoSL Transfer)		-	-	-	472,716	472,716	-
Total Other Revenue		196,731	310,651	(113,920)	837,380	1,148,031	661,873
<hr/>							
Total Operating Revenue		2,262,807	2,602,347	(339,540)	971,823	3,572,673	2,892,985
<hr/>							
PAYMENTS							
Wages, Salaries and Employee Benefits	(20)	999,093	1,067,436	(68,343)	201,217	1,268,653	924,792
o/w Grants to Projects and Sub-vented Agencies				-	-	-	-
Non-Salary, Non-Interest Recurrent Expenditure	(21)	660,576	835,831	(175,255)	565,361	1,401,192	794,927
o/w Grants to Educational Institutions		109,930	124,145	(14,215)	-	-	1,762
Transfers to the Road Fund		40,839	68,691	(27,852)	-	68,691	34,957
Transfers to Local Councils		80,000	85,050	(5,050)	-	-	87,395
Projects and Sub-vented Agencies		-	-	-	-	-	1,080,799
Domestic Development Expenditures	(22)	387,637	373,389	14,248	104,609	477,998	412,912
Total Operating Expenses		2,047,306	2,276,656	(229,350)	871,187	3,147,843	3,213,430
<hr/>							
Surplus/(Deficit) from Operating Activities		215,501	325,691	(110,190)	100,635	424,830	(320,445)

	Notes	2013 Original Budget	Actual	Variance	Project and Sub-vented	Total	2012 Actual
Finance Costs	(23)	-344,773	-309,897	(34,876)	(14)	(309,911)	-285,225
Domestic Interest		(303,999)	(274,653)	(29,346)	(14)	(274,667)	(256,012)
Foreign Interest		(40,774)	(35,245)	(5,529)	-	(35,245)	(29,213)
PIUs and Sub-vented		-	-	-	-	-	-
Contingency Expenditure		(5,000)	-	-	-	-	-
Arrears Payments		(8,029)	(19,889)	11,860	-	(19,889)	(31,514)
Wages Arrears		(1,414)	(6,441)	5,027	-	(6,441)	(12,477)
Parastatal Arrears			(1,000)	1,000	-	(1,000)	(1,000)
Domestic Arrears		(6,615)	(12,448)	5,833	-	(12,448)	(18,037)
Gain/(Loss) on Sale of Parastatals							
Subsidies & Lending minus Repayment		-	-	-	-	-	-
Total Non-Operating Revenue/(Expenses)		(357,802)	(329,786)	(23,016)	(14)	(329,800)	(316,739)
Net Surplus/(Deficit) for the period		(142,301)	(4,095)	(87,174)	100,621	95,030	(637,183)

NOTES OF EXPLANATIONS AND ELABORATION TO THE PUBLIC ACCOUNTS

The numbered notes that follow relate directly to the content of the financial statements above and are numbered accordingly.

12. General Information

The Financial Statements reflects the financial performance of the Government of Sierra Leone for the financial year ended 31st December 2013 on the basis of moneys received by, held in or paid out of the Consolidated Fund including amounts allocated to Projects during the year under review. The Government through the Accountant General's Department (known as the Treasury) operates a centralised treasury function that accounts for moneys collected by the National Revenue Authority and administers cash expenditures incurred by all ministries, departments and agencies (MDAs) during the financial year. The amounts appropriated to the MDAs are not controlled by the MDAs but are deployed on their behalf by the Treasury on presentation of appropriate documentation and authorisation. Thus, the amounts reported as allocations/appropriations in the Statement of Financial Performance (revenue and expenditure) are those the Treasury has expended for the benefit of the MDAs.

In effect, the Annual Public Accounts of the Government of Sierra Leone include the results of financial operations of all its Ministries, Departments and Agencies that were processed through the National Treasury and Other Public Funds relating to Donor Funds, especially Donor financed Development Projects, Income and Expenditure submitted in respect of their operations during the financial year 2013 has been included in the Financial Statements.

Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Annual Statement of Public Accounts.

Revenues are reported in the period in which they are received and expenditures for Government operations are recognised when goods and services are received.

(e) Depreciation

No depreciation has been provided for as fixed assets are written off in the year of acquisition

(f) Staff Loans and Advances

Loans and Advances to government employees are recorded on a historic cost basis without any provision for diminution in value.

(g) Investments in Public Enterprises

Investments in Public Enterprises have been included in the accounts at the Government's Share of their nominal values as the Costs and Open Market Values of those Shares are not available.

(e) Classification of Accounts

The Public Accounts are classified in the same form as the National Budget and in accordance with the approved Chart of Accounts

(f) Foreign Currency Translation

The functional and reporting currency is Leones. Transactions in currencies other than Leones are translated into Leones at the prevailing rate of the transaction.

Assets and Liabilities denominated in foreign currencies are translated using the closing rates of exchange at the end of the year. Any resulting foreign exchange gains or losses are taken up in the General Revenue Account.

13. Balances with the Central Bank

The amount of Le52,413 million (Le74,981million - 2012) represents the total of credit bank balances, including Departmental Accounts' balances, held for and on behalf of the Government at the Bank of Sierra Leone. This amount is inclusive of the sum of Le512 million relating to unutilised balance on MDRI relief account.

In millions of Leones

Account No.	TREASURY BANK ACCOUNTS	2013	2012
1100501	TREASURY MAIN ACCOUNT	(19,943)	(59,494)
1000512	AGD EXPENDITURE ACCOUNTS – GENERAL	(15,303)	(174,399)
1100515	AGD SALARIES & WAGES ACCOUNT 1998	(1,079)	(45,905)
1100516	AGD PENSIONS ACCOUNT 1998	(251)	(16,328)
1100573	SALARY ADVANCES ACCOUNT	(6)	(42)
		(36,581)	(296,167)
100564	E.C. TREASURY ACCOUNT	-	11,377
1100811	TREASURY WAYS & MEANS ADV A/C	572	48,117
	DEPARTMENTAL ACCOUNTS	34,309	22,526
	ELEGIBLE EXPENDITURE PROG	17,020	-
1100721	MDRI RELIEF	512	512
		52,413	82,532

14. Cash and Bank Balances with the Commercial Banks

The amount of Le million (Le193,846 million – 2012) represents the total of bank balances held at various Commercial Banks for Sub-vented Agencies and Projects Implementation Units (PIUs) that have submitted Financial report for the year 2013.

In Millions of Leones

No.	Bank	2013	2012
1	Access Bank	315	25
2	EcoBank	1,757	1,352
3	First International Bank	6,359	11,553
4	Guaranty Trust Bank	2,488	858
5	Keystone Bank	27	12
6	Rokel Commercial Bank	26,132	111,825
7	S.L Commercial Bank	97,452	57,906
8	Standard Chartered Bank	8,662	9,303
9	Union Trust Bank	14,079	623
10	United Bank for Africa	27	307
11	Zenith	-	82
		157,299	193,851

Overdraft balances with Commercial Banks

In Millions of Leones

No.	Bank	2013	2012
1	First International Bank	37	-
	S.L Commercial Bank	479	5
3	Union Trust Bank	4	-
		520	5

15. Staff Loans and Advances

The amount of Le1,326 million (Le1,054 million – 2012) represents the outstanding balance of loans and advances given to employees of Government as well as Members of Parliament.

16. Debtors - Privatisation

The amount of Le3,375 million (Le4,175 million – 2012) represents the outstanding balance owed to Government for Public Enterprises that were privatised and leased this year and previous years. The amounts owed as at end 2013 are as follows:

DEBTORS-PRIVATISATION

as at 31st December 2013

In millions of Leones

	2013		2012
	Value in Millions of US \$	Value (Le m)	Value (Le m)
Agricultural Produce Marketing Company	0.16	472.1	714.7
National Commission for Privatization	-	296.2	866.8
GAVA (SL) Ltd.	0.58	2,504.9	2,494.2
Ferry Mahera (SMR SHIPPING Company)	0.02	101.6	101.1
Total Value	0.76	3,374.9	4,174.5

In millions of Leones

	2013 Value	2012 Value
Balance as at 1st January	4,174.5	4,114.4
Privatisation receipts with National Commission for Privatisation	(835)	875.5
Privatisation debtors from Previous years	-	101.1
Exchange Rate Differential on Revaluation	(35.3)	(41)
Balance as at 1st January	3,374.9	4,174.5

17. Miscellaneous Debtorsas at 31st December 2013

In millions of Leones		
	2013	2012
Bumbuna Hydro Electric Project	5,213	5,213
Loan to Salpost	753	753
Loan to Guma Valley Water Company	2,164	2,164
	8,130	8,130

18. Investments – Multilateral Agencies

The Government holds equity shares with participating interest in a number of multilateral institutions giving it access to loan and grant facilities utilised predominantly for its development projects. The Equity Shares as at 31st December 2013 are as outlined below:

In millions of Leones			
	2013 Value in Millions of SDR	Value	2012 Value
International Bank for Reconst. and Development (IBRD)	1.83	12,274	12,187
African Development Bank (AFDB)	6.62	44,433	44,117
	8.45	56,706	56,304

19. Investments – Public Enterprises

The carrying value of Le136,241 million (Le136,241 million - 2012) represents the Government's participating equity interests in a number of Public Enterprises presented at the Government's share of the nominal share values in those enterprises.

as at 31st December 2013

In millions of Leones

No.	NAME	LEGAL STATUS	GOVERNMENT PARTICIPATION (In %)	2013 GOVERNMENT	2012 SHARE OF EQUITY
A.	Utilities				
A1	National Power Authority (NPA)	Authority	100%	2.00	2
A2	S/L Telecommunications Co. Ltd. (SIERRATEL)	Limited Company	100%	25,813.00	25,813
A3	Sierra Leone Postal Services Ltd. (SALPOST)	Limited Company	100%	20.00	20
A4	Guma Valley Water Company (GVWC)	Limited Company	95%	1,162	1,162
B.	Financial Institutions				
B1	Bank of Sierra Leone	Central Bank	100%	-	-
B2	Sierra Leone Commercial Bank (SLCB)	Limited Company	100%	57,518	57,518
B3	Rokel Commercial Bank (RCB)	Limited Company	51%	30,926	30,926
B4	National Development Bank (NDB)	Limited Company	99%	1,588	1,588
B5	National Insurance Company (NIC)	Limited Company	100%	463	463
C.	Transport and Shipping				
C1	Sierra Leone Road Transport Corporation (SLRTC)	Corporation	100%	184.00	184.00
C2	Sierra Leone Airport Authority (SLAA)	Authority	100%	1,004.00	1,004.00
C3	Sierra National Airlines (SNA)	Limited Company	100%	1.00	1.00
C4	Mining and General Services Co (SL) Ltd. (MAGS)	Limited Company	51%	439.00	439.00
C5	Sierra Leone Ports Authority (SLPA)	Authority	100%	3.00	3.00
C6	Sierra Leone National Shipping Company Co. (SLNSC)	Limited Company	100%	0.14	0.14

D.	Agriculture				
D1	Sierra Leone Produce Marketing Board (SLPMB) (Note 1)	Corporation	100%	n/a	n/a
E.	Information Services				
E1	Sierra Leone Daily Mail	Company	100%	0.01	0.01
F.	Manufacturing				
F1	Seaboard West Africa	Limited Company	0.01%	n/a	n/a
F2	Sierra Leone National Workshop	Company	40%	2.00	2.00
G.	Housing				
G1	Sierra Leone Housing Corporation (SALHOC)	Corporation	100%	15,437.00	15,437.00
H.	Leisure				
H1	Sierra Leone State Lottery Co Ltd (Lotto) (Note 1)	Limited Company	100%	-	-
I.	Roads				
I1	Sierra Leone Roads Authority	Authority	100%	1,679.00	1,679.00
				136,241.15	136,241.15

20. Domestic Suppliers Arrears

DOMESTIC SUPPLIERS ARREARS

as at 31st December 2013

In millions of Leones		
	2013	2012
Domestic Suppliers' Balances brought forward	29,247	77,270
Prior Year Additional Claims (write off)	-	(303)
Additional payment for cheques payable	-	6,928
Claims verified during the year	77	1,486
Payments made during the year	(4,767)	(56,257)
Exchange rate difference	-	123
	24,557	29,247

21. Domestic Public Debts (See Appendices I and J)

The carrying value for Domestic Public Debts comprises:

In millions of Leones				
	2013	%	2012	%
Treasury Bills	1,289,126	89.8	981,918	86.1
Treasury Bearer Bonds	145,057	10.1	110,400	9.7
Ways And Means Advances	1,285	0.1	49,523	4.2
	1,435,468	100.0%	1,141,841	100.0%

The Treasury Bills are marketable securities of the Government on a 90-days period, 182-days period and 365 days period basis whilst the Treasury Bearer Bonds are Marketable Securities on a one-year basis.

22. Non-Marketable, Non-Interest Bearing Securities held by the Bank of Sierra Leone for the year ended 31st December 2013

In millions of Leones		
	2013	2012
Securities in issue at the beginning of year	81,803	81,803
Conversion to Marketable Securities	-	-
Securities in issue at the end of year	81,803	81,803

23. Creditors

In millions of Leones

	2013	2012
Sub-vented Agencies	0.20	1,496

The creditors during amounted to 0.19m which is amount owing by Sub-vented Agencies to commercial banks.

24. 5 Year Bond

No transaction occurred during the year 2013

25. External Public Debts (See Appendices G and H)

EXTERNAL PUBLIC DEBTS

as at 31st December 2013

In millions of Leones

	2013	%	2012	%
Multilateral Creditors	3,040,330	66.	2,749,847	64.1
Bilateral Creditors	620,756	13.5	571,692	13.3
Commercial Creditors	940,228	20.4	967,382	22.6
	4,601,314	100	4,288,921	100.

In millions of Leones

	2013	2012
Opening Balance	4,288,921	3,748,677
Prior Year Adjustment	(27,300)	154,392
	4,261,621	3,903,069
Loan Disbursements	364,664	582,693
Loan Repayments	(86,702)	(76,774)
Loan Disbursements to Projects	-	-
	4,539,584	4,408,988
Actual Translated Balance	4,601,314	4,288,921
debt cancellation	-	-
Loss on Exchange (External Debt)	(61,730)	(120,067)
Exchange Rate Differential (Privatization Debt)	35	(41)
Exchange Rate Differential (Loan to Sierra Rutile)	-	-
Exchange Rate Differential (Domestic Suppliers Arrears)	-	123
Exchange Rate Differential (Project and Sub-vented)	(1,052)	2,906
Exchange Rate Differential (Multilateral Investments)	402	(331)
Total Loss on Exchange	(62,344)	(122,478)
Restated Opening Balance	4,261,621	3,336,887

The total amount of Le4,559,117 (Le4,288,921 million-2012) presented for External Public Debts includes outstanding debts owed to the International Monetary Fund (IMF) which are reflected in the books of the Bank of Sierra Leone, as they act as both depository and fiscal agent for loans contracted with the IMF. The outstanding debts due to the IMF totalled Le524, 786 million (Le439,855 million – 2011).

26. PRIOR YEAR ADJUSTMENTS

In millions of Leones

Details	2013	2012	Remarks
Domestic Arrears - Additional Claims	77	1,486	Adjustments for Additional Claims
Domestic Arrears paid in 2011 written-off	-	(303)	
Creditors	-	(2,983)	Adjustment to 2011 balance
External Public Debts-	(27,300)	154,392	revision of FX rate used in 2011
Salary Advance	-	(38)	Adjustments for previous years
Projects & Subvented Agencies	-	47	
Departmental Accounts at the Central Bank	121,972	-	Adjustment to opening bank balances to remove balances that are not govt bank balances.
Privatisation Debtors	-	(101)	
Balances with Central Bank	-	(296)	
	(94,749)	152,203	

27. Movement in Special Fund as at December 2013

In millions of Leones

	MDRI Fund	Strategic Petroleum	Total
Balance as at 1st January	512	1,763	2,275
Interest received		131	131
Bank Charges	-	(20)	(20)
Balance as at 31st December	512	1,875	2,387.1
Movement in Special Funds	-	112	112

28. Domestic Revenue Collection (See Appendix A)

The total amount of Le2,291,697 million (Le1,902,775 million – 2012) represents revenues from various sources collected for and on behalf of Government during the period and paid into the Consolidated Fund.

29. Other Revenue (See Appendix B)

The total amount of million Le 310,651 million (Le372,077 million – 2012) received as grants comprises Le8,223 million (Le27,242 million – 2012) as HIPC Debt Relief Assistance, Le302,428 million (Le344,835 million – 2011) as other direct budgetary support and Le million captured as external grants to Projects and Sub-vented Agencies.

30. Wages, Salaries and Employee Benefits (See Appendix C)

In millions of Leones

	2013	2012
Wages and Salaries	1,073,892	937,269
o/w Charged Emoluments		
Education	326,374	11,328
Health	110,631	74,198
Public Order and Safety	91,678	19,333
Defence	69,977	66,585
Recreation, Culture and Safety	-	-
Economic Services	59,996	288,085
General Public Service	221,193	272,958
Foreign Missions	51,765	45,286
Local Councils	5,750	6,352
Others	5,787	20,357-
Social Security Contributions	79,403	82,655
Pensions, Gratuities and Other Retirement Benefits	51,338	50,133

The amount of Le51,338 million (Le50,133 million in 2012) for Pensions, Gratuities and Other Retirement Benefits represents mainly payments made in the form of Gratuities and Pensions to Employees that have retired before 2002 in the case for pensions and those that retired in 2012 and beyond only gratuities are paid, also a total of Le79,403 million was paid out as government contributions to social security for public workers.

31. Non-salary, non-interest recurrent expenditure (See Appendix D)

In millions of Leones

	2013	2012
Non-Salary, Non-Interest Recurrent Expenditure	849,279	813,964
o/w Education	45,803	307,844
Health	36,179	89,360
Defence	63,298	66,585
Police	60,045	58,580
Agriculture	18,849	20,028

32. Domestic Development Expenditures (See Appendix F)

The total amount of Le373,389 million (Le412,912 million 2012) for Domestic Development Expenditure represent the Government contribution to various Development Projects.

33. Finance Costs

The total amount of Domestic Interest comprises:

In millions of Leones

	2013	2012
Interest on Ways and Means	4,796	9,040
Interest on Treasury Bills	214,596	183,209
Interest on Treasury Bearer Bonds	55,260	51,914
Interest on NNIB Securities	-	11,709
	274,652	255,872

34. Commitments

Capital expenditure contracted for at the balance sheet date that is yet to be executed has not been recognised in the financial statements. It is expected that these expenditures will be funded from available financial resources in subsequent year.

Government has entered into contract with suppliers for which it may not become liable for until the supplier has performed according to the contract.

35. Bank and similar guarantees

At 31st December 2013, the Government's contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of operations from which it is anticipated that no material liabilities will arise.

1.5. SOME COMMENTS ON THE PUBLIC ACCOUNTS

I have issued my Auditor's Report on the Public Accounts of the Government of Sierra Leone in accordance with Section 119(2) of the Constitution of the Republic of Sierra Leone 1991 and Sections 62 to 66 of the Government Budgeting and Accountability Act 2005. A copy of my Audit Report precedes the Financial Statements of the Government of Sierra Leone and the Notes thereto which are reproduced in full above.

The financial statements are an expression of the government's accountability to parliament and civil society on how well it has exercised its responsibilities as custodian of the public purse. It is a basic tenet of our system of government that no revenue or expenditure may be collected or spent except as authorised by a parliamentary vote. Therefore the public accounts are a report on the extent to which the government has complied with the intent of parliament.

The purpose of the annual audit of the financial statements is to provide the users thereof with an opinion on whether the financial statements fairly present, in all material respects, the key financial information for the reporting period, in accordance with the financial framework and applicable legislation. The audit provides the users with reasonable assurance on the degree to which the financial statements are reliable and credible, on the basis that the audit procedures performed did not identify any material errors or omissions in the financial statements.

An item or group of items is material if a deviation therein is likely to cause users of the information to take different decisions. Thus, I have assessed materiality with reference to my auditor's understanding of the users' expectations.

The short-form auditor's report – in this instance a qualified 'except for' opinion - is an expression of professional judgments which form is dictated by international good practice. I may issue an unqualified or modified opinion on the accounts. Modified opinions are classified as either adverse, except for or a disclaimer. An unqualified opinion arises where the financial statements provide a true and fair view of financial position and performance. A qualified 'except for' opinion arises where the financial statement except for other material misstatements, provide a true and fair view of the financial position and performance. An adverse opinion is issued where the auditor has sufficient and appropriate audit evidence of a material and pervasive nature that the financial statements do not present a true and fair view. A disclaimer arises where the auditor does not have sufficient and appropriate audit evidence to form an opinion one way or the other. This is considered to be the most serious form of modified opinion.

Last year (2012) I issued an adverse opinion and this year I have issued a qualified 'except for' opinion.

This situation though serious seems to suggest that there has been some improvement from the past and there has also been an improvement in the quality of audit evidence available to my staff. However there continues to be matters of concern.

Controls such as; preparation of regular, accurate and complete financial and performance reports, review and monitoring of compliance with legislation, proper record keeping and document control and controls over daily and monthly processing and reconciliation of transactions gave rise to the adverse opinion I issued last year (2012). These significant weaknesses in the financial and performance management controls continue to exist and therefore still needs urgent attention. These basic controls

and disciplines will ensure that errors, omissions and non-compliance are prevented, detected and corrected in a timely manner.

With our intensified efforts, especially in the past four years, to assist those charged with governance to improve audit outcomes through our rigorous audit exercises and regular interactions with them, there has been some improvement in audit outcomes.

Since 2011 we have consistently reported that the main root causes of the poor audit outcomes in governance are the following:

- A slow response by those charged with governance to our message of embracing their responsibility to guide and direct the development and performance of a strong system of internal controls in ministries, departments and agencies (MDAs). This includes improving their oversight function, demonstrating effective and ethical leadership, strengthening the audit committees and insisting on credible and regular reports on the finances and activities of MDAs.
- A lack of consequences for poor performance and transgressions in general government. This is evident from the inadequate response to the high levels of unauthorised, irregular as well as fruitless and wasteful expenditure, as detailed in the audit report in other paragraphs indirectly supporting the opinion; and the weaknesses in performance management, which include a lack of credible and effective performance management systems across MDAs.

These root causes were significantly addressed either in part or in full by some of the auditees in some MDAs, the overall rate at which these common root causes are being addressed across the general government is generally slow to meaningfully improve audit outcomes.

It is my view that the action of the executive arm of government towards the implementation of the recommendations outlined in this report and others in the past when debated and approved by parliament has not been very effective in achieving the goals of public financial management reforms in this country (See Chapter Six of this report on follow-up on previous recommendations).

It is my fervent hope and belief that the executive and parliament would collaborate with the Auditor-General in making sure that those who are charged with the implementation of programmes and/or projects adheres to the constitutional and statutory provisions aimed at directing public financial management so as to achieve enhanced transparency, accountability and good governance. This will ultimately build trust in public officials, institutions and systems responsible for effective financial management.

I have again in this report drawn attention to several instances of non-compliance with financial and other regulations, as well as errors that occurred in the processing of transactions. These are the results of systemic weaknesses that have persisted overtime and other break-downs in internal controls. I have provided recommendations which, if implemented, can serve to reduce the incidence of the irregularities and correct the causes of the conditions I have reported on.

In summary the issues giving rise to a qualified 'except for' opinion are:

Non-compliance with laws and regulations

In the current year, 80% of auditees had findings on non-compliance with laws and regulations, many of which related to the area of procurement management and irregular expenditure. This is mainly due to the lack of basic controls and inadequate implementation of appropriate consequences where there has been poor performance or transgressions. The value of these controls cannot be over emphasised as they are an important mechanism to narrow the space for widespread abuse of the public resources that are required to provide services to citizens.

Material Uncertainty over domestic revenue

This is largely due to the following:

- unidentified cash balances held in transit accounts not transferred to the CRF at year end;
- the absence of a defined process by which the amounts assessed by revenue collecting ministries, departments and agencies (MDAs) are compared to the revenue collected by National Revenue Authority; on behalf of these MDAs;
- the absence of regular reconciliation records between NRA and the transit banks and between the transit banks and the consolidated revenue fund;
- material uncertainty on the amount of Project Implementation Units not included in the accounts as indicated in Part 'B' of the report of the Accountant General 2013;
- systemic deficiencies in the collection of taxes;
- uncertainty regarding the accounting for and consequently the amount of Public Debt; and
- error in non-disclosure of domestic revenue arrears as required by GBAA 2005.

All of the matters raised above are developed and commented upon more completely below.

Unfortunately in recent years adverse, disclaimers or qualified opinions on the Public Accounts have been the norm in Sierra Leone. Neither this year's qualified 'except for' opinion nor last year's adverse opinion should be taken lightly and it is unfortunate that despite my concerns expressed repeatedly in annual reports, some of the key issues raised remain largely not acted upon more effectively or completely. While public financial management is gradually improving, in matters of internal control around some aspects of banking and cash management, of both the expenditure and revenue, weaknesses continue to plague the public sector especially in MDAs.

The accounts are prepared using cash basis of accounting in compliance with International Public Sector Accounting Standard (IPSAS) -so it follows that financial reporting is unreliable if controls over banking and cash management are poor.

The following paragraphs set out in greater detail our findings while conducting the audit and the matters giving rise to the qualified 'except for' opinion.

1.6. CASH AND BANK

There has been a considerable improvement in terms of the number of audit confirmations of balances received from commercial banks. We received direct confirmations from ten out of twelve commercial banks disclosed in the account. The total of Le157.30 billion was presented as cash and bank balances with commercial banks for the year 2013. This shows that three more bank balances were disclosed in 2013 as opposed to nine bank balances that were disclosed in 2012.

We noted discrepancies between the confirmed bank balances and the disclosures in the public accounts. For instance, we noted that a total credit balance of Le 135.6 billion and a total debit balance of Le3 billion were included in the accounts but were not confirmed by the respective banks. Out of Le135.6 billion, an amount totalling Le1.1 billion relates to departmental account balances as per Accountant General records but it was not in the list of Bank of Sierra Leone's bank balances. Furthermore, we observed that total credit balances of Le123.2 billion and an overdrawn balance of Le3.06 billion were confirmed as per bank confirmation letters of the respective banks, but this was not part of the ledger account balances that were recorded in the public accounts. In their response, they explained that some of these accounts are those of local councils, parastatals, National Revenue Authority transit accounts and those of sub-vented agencies which were reported after the preparation of the account. Upon verification of their responses, the credit balance of Le101.6 billion and a debit balance of Le3.06 billion remained outstanding.

1.7. RECORDS MANAGEMENT (OTHER CHARGES)

Storage and retrieval of records continue to improve as from 2012. It is agreeable to be able to report that all 1,679 sampled vouchers were presented with minimum delay. Supporting documents such as invoices, delivery notes, certificates of completion, or other relevant documents were attached in most cases. The authority of the Accountant General's Department to review payment vouchers and their supporting documents prior to payments being made is stipulated in Section 81(1) of the Financial Management Regulation 2007 which states that:

“The Accountant General or authorized officer shall before making any payment against a voucher, check that (a) the voucher is properly supported by the prescribed documents; (b) the documents are attached to the vouchers and are correct and complete in every particular”.

The documents should then be filed appropriately to maintain an adequate audit trail. I noted from our review of the sample of Other Charges that payment vouchers valued at Le 8.8 billion were without supporting documents. This represents 1.1% of the total Payment Vouchers examined. Some Payment vouchers with expenditure amounting to Le3.9 billion were also not supported by adequate documentary evidence representing 0.5% of total recurrent expenditure. This represents an improvement from last year (2012) 1.5% of total recurrent expenditure.

1.8. EXTERNAL PUBLIC DEBTS

Debt Management servicing is approximately 30% of the annual recurrent budget and therefore of significant value and material in audit terms. The public debt liability is a major government liability and key sustainability issue for GoSL. It requires comprehensive, accurate and timely records for good management. The audit requirement is to see that the transactions in public debt namely income (loan disbursements by the lender) and payments (debt service) by GoSL are accurately and completely recorded in the accounts. In addition, it seeks to verify the outstanding public debt liability that will appear in the balance sheet. Due the significance of this account balance in audit terms, my auditors carried out extensive work on this area as in previous years to ascertain that the amounts disclosed were correctly stated.

Even though there were significant improvement in the management and reporting of public debt, there were some challenges in the following areas:

Confirmations from third Parties

Out of a total External debt of Le3.6 trillion for multilateral and bilateral debt as per CS-DRMS report; direct confirmations for debts totalling Le3.1 trillion were received. This represented 85% of the total bilateral and multilateral debt. A total of Le535.2 billion which is 15% of the total debt however remained unconfirmed. These unconfirmed debts are; Saudi Fund for Economic Development, Islamic Development Bank and ECOWAS Bank for International Development.

Differences between CS-DRMS report and DOD Schedule

A comparison of foreign exchange DOD (Bilateral and Multilateral) of the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) Report and Public Debt Management Unit foreign exchange DOD (Bilateral and Multilateral) records revealed a net DOD overstatement of Le3.3 billion on the face of the financial statement.

1.9. DOMESTIC SUPPLIERS ARREARS

Payments not supported by payment vouchers

A review of the general ledger and expense analysis revealed that an amount of Le2.5 billion was recorded in the general ledger but not in the expense analysis. Further enquiry revealed that this payment was executed following a letter from the Financial Secretary to the Governor of the Bank of Sierra Leone dated 1st August 2013, to effect payment to (settle the outstanding and final compensation amount, for the government's acquisition) the Sierra Leone Refinery facilities from Majestic Oil (SL) Ltd. This action was in contravention of Section 73 (1) of the Financial Management Regulation, 2007, which states that: 'all disbursements of public moneys shall be properly supported by payment vouchers'.

1.10. REVENUE

Transit balance understated in the accounts

The total credit balances of the NRA Transit Account as per available bank statement was Le5.766 billion whilst the amount presented in the public account as revenue in transit was Le1.497 billion. Therefore, the amount as cash in transit in the Public Account was understated by Le4.269 billion.

Income Tax

Revenue arrears not recovered

Twenty taxpayers who were assessed for 2013 with opening arrears of Le9 billion as per Tax Field Audit Report, had an estimated closing arrears of Le8 billion. There was no evidence that payments were being followed up or penalties levied.

In adequate Control over the payment of income tax

Twelve large taxpayers as per Tax Field Audit Report were observed to have made an excess payment of Le4.4 billion over their total liabilities. The audit team did not examine the tax returns of those tax payers, because the returns were not presented for audit purposes.

Returns not audited

In line with generally accepted practices, taxpayers carry out self-assessments at the beginning of the tax year. It is expected that taxpayers should send in their corporation tax returns not later than 31st March the following accounting year. These returns can either agree or disagree with the initial

provisional assessment. It is the responsibility of the Audit and Assessment Unit to audit the taxpayers' account for tax purposes and their PAYE computation. The objective is to ascertain whether the accounts are complete and accurate. From our review, there were no evidence that an audit was carried out on the sampled taxpayers for the period under review.

Tax payers not assessed for 2013

Upon examination of the files produced for audit, the following weaknesses were observed

- i. Ten large taxpayers with opening arrears of Le2.4 billion as per Tax Field Audit Report were not assessed for 2013, as per Assessment Data Base. These taxpayers made total payments of Le9.6 billion during 2013; and
- ii. Forty-nine taxpayers were without opening arrears as per Tax Field Audit Report. These taxpayers were not assessed for 2013 because there were no assessment records. These taxpayers however made total payments of Le68.7 billion.

No evidence for the payment of PAYE for Large Tax Payers (LTO) tax for 2013

We observed that Le150 billion was in respect of nonpayment of PAYE tax for 2013. Upon further enquiry, we were told by the commissioner for Large Taxpayers' Officers (LTO) that most ministries, departments, and agencies (MDAs) did not submit PAYE tax returns to the NRA. This made it difficult for them to update their PAYE records. Upon further verification we observed that the PAYE relates to non government institutions as detailed in the appendix of management letter.

Goods and Services Tax (GST)

GST Files not presented

Out of one hundred (100) GST files requested for audit purpose, only twenty-three (23) were presented for audit purposes. Of the twenty-three (23) files presented for audit purposes, only four (4) were with one or two months GST returns and no receipts attached to them.

Customs

Release of vehicles without payment of custom duties

Preventive Special Services Division (PSSD) Unit

Thirty-six (36) vehicles were reported as confiscated in 2013. Twelve (12) were released and 24 still with customs. We were not able to verify the release of the 12 vehicles as we were not provided with receipts to ascertain what duty had been paid before the said release. We could not verify the existence of the 24 vehicles, as we were not granted access to them.

Amount not recovered from defaulters

A review of Preventive Special Services Division (PSSD) records in the ASSYCUDA system revealed that Le2.27 billion was an amount recoverable from defaulters for the year ended 31st December, 2013. The units only recovered Le272 million leaving an outstanding balance of Le2 billion. We were not provided with evidence that the units made active efforts to recover the outstanding sum. There were no evidence of fines or penalties levied on these defaulters for nonpayment. Le4 billion owed by defaulters (as per ASSYCUDA records) for the year ended 31st December 2012, remained outstanding. We were also not provided with evidence that efforts were made to recover the outstanding amount

Non Payment of corporation taxes by Importers

Some importers assessed for corporation tax for the year ended 31st December 2013, did not pay income tax. The cost insurance freight (CIF) value of these importers amounted to Le272 billion; giving an estimated potential tax revenue loss of Le7.1 billion.

Non Payment of Import Duties

Import duty estimated at Le13.6 billion was observed not to have been paid for the period under review. The cost, insurances and freight value amounted to Le272.9 billion.

Nonpayment of Goods and Services tax by Importers

Some importers with a CIF value of Le28.4 billion assessed for goods and service tax (GST) for the year ended 31st December, 2013 did not pay GST. The estimated potential tax revenue loss amounted to Le1.6 billion.

Non Tax Revenue**No independent assurance of the grade of the mineral by National Minerals Agency (NMA)**

The National Minerals Agency (NMA) did not have the equipment to ascertain the worth of the grade of the minerals that were exported. The grade is part of the computation of the royalty paid (The formula applied is “the price of the mineral multiplied by the tonnage of the mineral multiplied by the grade of the mineral”). The companies did the assessment of the grade, and there is no independent verification of the result of the assessment by officers of NMA.

Amount collected not remitted to Consolidated Fund Account number 1100855

It was observed that Le 1.4 billion which is 0.75% of revenue received from the Precious Mineral Trading was not paid over to the Consolidated Fund account no. 1100855 by the National Minerals Agency and no authority was seen for the withholding of this amount.

1.11. PAYROLL

Payroll irregularities committed was mainly in respect of unearned salaries paid to retired staff on government payroll. The continued delay or failure to delete the names of retired persons from the payroll accounted for the prevalence of this occurrence. An amount of Le105 million was recorded during the period under review for a total of 22 staff. Out of this, government paid an amount of Le69.9 million for 10 staff for the Ministry of Defence and an amount of Le35.3 million in respect of 12 staff of the Ministry of Education Science and Technology.

The resolution of this recurrent irregularity is likely to save government a considerable amount of funds that are lost annually because of systemic inefficiencies or inaction on the part of public officials who are supposed to safeguard public funds.

1.12. STATUS OF OUTSTANDING ISSUES FROM PREVIOUS AUDITS

No.	Outstanding Issues from Previous Audits	Management's Response in Prior Year	Current Status	Management's Response
1	Reduced scope of internal audit operations	Audit committee has been established.	No evidence of the effective functioning of an audit committee in ministries, departments and agencies	
2	Inadequate control over collection, banking, recording, and reporting of financial transactions	NRA will be aware of the recommendation	The issues raised continue to recur with no consideration to the recommendations made in the audit report.	Your comments were communicated to NRA for them to respond as we do not have control over their operations. We will however continue to let your finding be known to them.
3	Inaccurate recognition of cash and bank balances.	Improvements will be made to the system to correct the anomalies noted.	Differences continue to reflect in the cash stated in the cash book and that on the bank reconciliation statements.	This is expected and can be supported by bank reconciliations statement as cash book balances is what is included in the financial statements
4	Improper management of loans and advances.	Improvement will be made to manage it.	Even though parts of the system are not computerised, authorisation and approval procedures continue to be an issue.	There has been significant improvement in the management of loans and advances with proper approval and authorisation
5	Donor disbursements and other public funds not captured.	The providers of the Free Balance software will be contacted to provide support in this area.	This is yet to be done	We note your observation and wish to inform you that significant effort has been made to capture donor disbursements and other public funds as evidenced in the 2010 and 2011 Public Accounts
6	Inadequate supporting documents on PVs	Will continue to make efforts to remedy this situation	Supporting documents in respect of travel continue to be an issue.	
7	Inadequate control over the general processing of PVs	Will continue to make efforts to remedy this situation	Progress observed. More room for improvement.	Noted
8	Management Information System	Improvement will be made.	The disaster recovery plan is still untested. Modules are still underutilised.	
9	Debt owed by SALPOST	New repayment plan will be agreed on to ensure recovery.	This is yet to be done	This has been communicated to the public debt unit for action.
10	Non-disclosure of revenue arrears	Will work with NRA for resolution	Revenue arrears are still not disclosed	Revenue arrears numbers provided by NRA were disclosed in the current financial year.
11	Poor management of transit accounts	Will communicate findings to NRA	Transit accounts continue to be poorly managed	This is an issue that should be dealt with by NRA and we did communicate your findings to them to respond
12	Unpresented documents for audit inspection	Will continue to make efforts to remedy this situation	Progress noted at Accountant General's Department (AGD). This is still a major issue at NRA.	

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CHAPTER 2

2.1. PROCUREMENT: A GOVERNMENT-WIDE STUDY 2010-2013

2.2. MAIN POINTS

What we examined

The review was undertaken because over the years we have raised concerns about procurement with little evidence of improvement. We wanted to get some insight into why this might be the case.

We did the following:

- we reviewed our working paper files and management letters for the past three years for the selected MDAs and other entities;
- in depth interviews with procurement and other officials in these MDAs, the NPPA and IPRP secretariat were conducted using a questionnaire designed for the review;
- we read and followed-up on the recommendations in Annexe 2 of the 2012 Country Assessment of Procurement Report (CAPR) conducted by the World Bank and the GoSL; and
- we independently applied the OECD MAPS methodology and a specialised best practice Procurement Maturity Model (PMM) to gain insight into where and perhaps to what extent opportunities to improve value for money might arise.

Why it is important

Procurement represents approximately 70% of annual budgetary expenditure for Sierra Leone. There are widely held views, both at home and abroad, that all is not well with public procurement in this country. Since the passage of the Public Procurement Act in 2004 much has been expected in terms of improvement and value for money. Our annual audits, where we examine risk-driven samples of individual procurement transactions, suggest that there is room for our public servants to do better. We thought for all of these reasons it was important to try and focus on what was needed to get better value for money.

What we found

If there is an overarching conclusion from this review it would be that the legislative framework for the conduct of public procurement in Sierra Leone has been reasonably well attended to but its implementation has not yet gained traction with the result that value for money is not being achieved.

Of the 86 recommendations relating to procurement made between 2010 and 2012 only 17 for the eight MDAs and other entities reviewed or less than 20 % have been implemented.

The 2012 Country Assessment of Procurement Report (CAPR) made 109 recommendations 55 of which related to the legal framework. Many of the 55 have been incorporated into a proposed series of amendments to the PPA 2004.

Procurement officers, despite being a separate cadre in the civil service have not received a sufficient level of training to handle the complexities of modern public procurement in a development environment.

Their morale is low. They feel largely undervalued, powerless and underpaid. In many instances they are organisationally isolated with no directorates, resources and are largely unsupported by senior management.

Procurement officers have little or no independence, report to the vote controllers, and many commented on political and bureaucratic interference in the selection of suppliers. Historically the procurement function was carried out by accounting or finance officers. There is the suggestion that in some MDAs the finance officers weaken the efforts of their procurement colleagues by, for example, insisting that they alone have the duty to officially record transactions and maintaining transaction files.

In most cases procurements are not executed according to plan. Various reasons are proffered for non-compliance including a lack of funds due to delays in receiving budgetary allocation from the Accountant General's Department, which is responsible for national commitment control and payments to suppliers. This in turn, it is claimed, gives rise to excessive use of restricted bidding – frequently sole-source – due to supplier lead times and the apparent urgency of the requirement. It was also said that senior management frequently direct procurement officers to preferred suppliers.

The NPPA is underfunded for the task that lies ahead. The less than 50 staff it currently enjoys is likely insufficient to undertake the level of monitoring and evaluation required or to address the training urgently needed to raise the professionalism of procurement officers throughout MDAs and other entities.

The proposed amendments to the PPA 2004 are a good start but will not in and of themselves address the two core issues of NPPA; funding for extensive government-wide capacity building or the profound need for a change in entity corporate culture that supports and values respect for the role of procurement officers and the adoption of good practice.

In short, with over 70% of the government budget related to procurement, getting it right in every sense should be a priority and is very urgent.

2.3. ABOUT THIS CHAPTER

In this chapter we describe the findings from a review of procurement across a representative sample of MDAs and other entities. The review was undertaken because over the years we have raised concerns about procurement with little evidence of improvement and because procurement costs represents 70% of annual budgetary expenditure.

In conducting the review we developed a standard questionnaire to guide interviews which were conducted by a small team consisting of senior ASSL staff and a senior member of the NPPA monitoring evaluation unit. This collaboration, new to both organisations, worked well and we would like to express our thanks to all for the demonstrated level of professionalism.

The chapter commentary is derived from four data sources:

- our working paper files and management letters for the past three years for the selected MDAs and other entities;
- in depth interviews with procurement and other officials in these MDAs, the NPPA and IPRP secretariat;
- follow-up on the recommendations in Annex 2 of the 2012 Country Assessment of Procurement Report (CAPR) conducted by the World Bank and the GoSL; and
- the independent application of the OECD MAPS methodology and a specialised best practice Procurement Maturity Model (PMM).

The practice of modern procurement is new to Sierra Leone having only gained attention from our donor partners since 2004. It is no secret that as practiced here it has not been without problems that have sullied the reputation of Sierra Leone at home and abroad.

If there has to be an overarching conclusion from this review it would be that the legislative framework for the conduct of public procurement in Sierra Leone has been reasonably well attended to but its implementation has not yet gained traction with the result that value for money is not being achieved.

We hope that the outcome of this review will contribute to improving the situation.

2.4. STUDY OBJECTIVES

The objectives of this study are:

- to establish patterns, if any, in the nature and extent of procurement-related audit observations made in selected audit reports issued by ASSL between 2010 and 2013;
- to determine the nature and extent of entity compliance with procurement recommendations made by ASSL between 2010 and 2013; and
- to reach an informed view on whether procurement unit practices and procedures and the institutional relationship with the National Public Procurement Authority (NPPA) are effective.

We also expected that audited entities would have carried out the corrective actions in response to observations and recommendations made during the period 2010 to 2012 while allowing reasonable time to address issues raised in 2013 management letters.

2.5. REVIEW CRITERIA – WHAT WE EXPECTED TO OBSERVE

The study criteria were largely derived from the *National Procurement Act 2004* and its associated Regulations, the *NPPA Public Procurement Manual* and generally accepted standards of good practice in public procurement from international sources¹. We therefore expected to find the following:

- the requirements of the *National Procurement Act 2004* and its associated Regulations are respected;
- consistent application of the provisions and procedures of the NPPA Manual throughout MDAs to achieve improved efficiency, transparency, uniformity of documents and decisions, and reduced costs of procurement for the Government²;
- procurement plans with analysis of different options for projects, with competition and transparency being the norm;
- well-formulated risk management policies and evidence of risk analysis of the internal and external environment using an accepted structured methodological approach;
- monitoring of overall supplier compliance and evaluation against the terms and conditions of the procurement contract; and
- Corrective action taken for issues identified in internal audit reports and monitoring and evaluation reports as needed.

2.6. APPROACH - SCOPE AND METHODOLOGY FOR THE REVIEW

- Analysis of the Public Procurement Act, 2004, Regulations, 2006, and the NPPA Procurement Manual.
- Research into sources for internationally accepted good practice for public procurement.
- Analysis of selected audit working paper files and management letters issued by ASSL during the period 2010–2012 inclusive for the following audit entities:
 - Ministry of Health and Sanitation;
 - Ministry of Finance and Economic Development;
 - Ministry of Agriculture, Forestry and Food Security;
 - Ministry of Foreign Affairs and International Cooperation;
 - Ministry of Defence;
 - Ministry of Mines and Mineral Resources;
 - Ministry of Education, Science and Technology; and
 - Freetown City Council.
- Review of NPPA Annual Reports for 2010, 2011 and 2012.
- Structured interviews of key MDA procurement and other personnel using a questionnaire specifically designed for this review.
- Discussions with senior members of the NPPA staff.
- Review of the 2012 *Assessment of National Public Procurement System*.
- Independent assessment employing internationally recognised models³.

¹Derived from *OECD Principles for Integrity in Public Procurement* (2009) and *Principles and Practices of Public Procurement* (2013), the latter published under a partnership between *The Institute for Public Procurement* and the *Chartered Institute for Purchasing and Supply*. We also reviewed the 2007 European Union publication *Guide on Dealing with Innovative Solutions in Public Procurement: 10 Elements of Good Practice*.

² NPPA Public Procurement Manual, page 9

³ OECD Methodology for Assessing Procurement Systems and the Stephen Guth Procurement Maturity Model

2.7. SUMMARY OVERVIEW OF PUBLIC PROCUREMENT⁴

General Background

In Sierra Leone procurement at all levels of government is decentralised to the procuring entities but subject to the National Public Procurement Authority, a regulatory body with oversight responsibilities in public procurement matters. Development of the current public procurement regime in Sierra Leone commenced in 2002.

A good public procurement system contributes towards the fight against corruption and improves governance while introducing efficiency and transparency into public financial management. Recognising this as well as the widespread perception of corrupt practices and inefficiencies, the government, in consultation with its development partners, proceeded to develop our public procurement system. In essence, this led to the decision to build trust in the procurement system since over 70% percent of the Government's Budget is procurement related.

It is against this background that in December 2002, the Government of Sierra Leone, with the assistance of the United Nations Development Programme (UNDP) and World Bank (WB), launched a two-phased reform programme of the country's public procurement system.

The first phase of this programme focused on key aspects of procurement management, a "Spend Analysis" of the Government's procurement, and an overhaul of the existing regulatory framework.

The direct result of this was the establishment of a Procurement Reform Steering Committee, in 2003, chaired by the Vice President and comprising government and donor representatives.

One of the tasks of this committee was to prepare interim rules and regulations to govern public procurement until comprehensive legislation was enacted by Parliament. The Interim Rules and Regulations (IRR) were the precursor and foundation of the Public Procurement (PPA) Act 2004 and its implementing Regulations of 2006.

The second phase followed the enactment by Parliament of the Public Procurement Bill and its signing into law on 7th December 2004. This phase dealt with the implementation of the new procurement law, the new institutional structure, capacity development and improving the procurement processes and tools. In order to efficiently fulfill this task, the National Public Procurement Authority (NPPA) was established in accordance with Section 3 of the PPA 2004 as a regulatory body with oversight responsibilities in public procurement matters. In addition, the Independent Procurement Review Panel (IPRP) was established as a complaints handling body by section 20 of the same Act. The NPPA is responsible for the overall regulation, monitoring and development of procurement policies, practices, procedures, as well as development. It comprises a Governing Board approved by Parliament, and an Executive Secretariat headed by the Chief Executive.

The IPRP, though supported by the Executive Secretariat of the NPPA, is intended to be an independent body with administrative review functions that adjudicates procurement complaints

⁴ NPPA Annual Report 2010

from aggrieved bidders as well as the general public. Members of the IPRP are appointed by the Minister of Finance.

NPPA Mandate

As provided in the PPA 2004, the NPPA is mandated to regulate and harmonize public procurement processes in the public sector, and to decentralize public procurement to procuring entities. This is intended 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.

NPPA Strategic objectives

- To improve the effectiveness and efficiency of the public sector in the allocation and utilization of scarce resources under the Public Financial Management Reform Program (PFMRP).
- To develop an efficient and transparent system and procedures to ensure that public procurement is conducted competitively and contracts awarded and managed in a manner that promotes the paramount objective of value for money for all government expenditures.

NPPA Functions

As spelt out in the Public Procurement Act 2004 section 14 (2), it is the responsibility of the Authority, *inter alia* to:

- formulate policies and standards on public procurement and to ensure compliance therewith by all parties to procurement contracts;
- assess the operations of the public procurement processes and submit proposals for the improvement of the process;
- ensure capacity building and human resource development for public procurement, including promoting and supporting training and professional development of persons engaged in public procurement;
- disseminate information about, and promote awareness of the public procurement system;
- issue standard forms of contract and standard bidding documents for mandatory use by all procuring entities;
- provide interpretation of the Procurement Act and other instruments governing the procurement process;
- plan and coordinate technical assistance in the field of public procurement;
- prepare an annual report on the overall functioning of the public procurement system, including a profile of procurement activities, to be presented to Cabinet and tabled before Parliament through the Minister of Finance and Economic Development;
- on its own motion or based on reports by procuring entities or the Independent Procurement Review Panel, the NPPA investigates and suspends from procurement proceedings under this Act, suppliers, contractors and consultants who have neglected their obligations under a procurement contract, or provided false information about their qualifications, contravened tax regulations, or offered inducements;
- develop and recommend to heads of procuring entities a career development and management programme, and a system for selection, appointment and termination of appointment of procurement officers;

- publish a quarterly Public Procurement Bulletin which shall contain information on public procurement, including approved procurement plans, proposed procurement notices, and notices of invitation to bid and contract award information;
- maintain and issue on a regular basis to all procuring entities a list of suspended suppliers, contractors and consultants;
- share information and cooperate with other arms of government to facilitate the implementation of government policies aimed at improved governance.
- conduct, at least annually, a procurement forum bringing together public sector, private sector, civil society and development partners to address issues related to public procurement; and
- perform such other functions as are incidental or conducive to the attainment of the objective stated in Subsection (1) of the PPA, 2004.

NPPA Board and Independent Procurement Review Panel

The NPPA is governed by a Board of Directors appointed by the President, in accordance with Section 4 of the PPA, 2004. The members of the Board are persons of high probity, charged with the responsibility of providing such policy guidance and advice that will secure the efficient implementation of the functions of the Authority and enhance the overall performance of the Authority.

Section 20(1) establishes the three member Independent Procurement Review Panel, referred to as the “Panel”, for the purpose of conducting independent administrative review of complaints and challenges to award decisions.

Organisation of Procurement in Procuring Entities

The PPA 2004 is highly prescriptive as to the responsibilities and organisation of procuring entities such as MDAs. In Section 17(2) it emphasizes the decentralised nature of government procurement by stating that “... the procuring entity, including its concerned officials, shall be responsible for procurement with the funds at its disposal” adding, under 17(1), that such procurement related functions “... shall be carried out by procurement persons trained and knowledgeable in accordance with the guidelines and qualification requirements established by the Authority”. The Authority, a defined term under that Act, means the National Public Procurement Authority as set down in Section 3.

In short, spending of the money and using trained and qualified persons rests with procuring entity (the MDA) whereas NPPA merely sets the norms for qualification and training. There is clear separation of regulatory authority and actual operations. NPPA is arms-length from the procuring entities.

The law under Section 18(1) also requires that a procurement committee be established “... by the head of the procuring entity ...” and goes on under 18(2) through (13) to provide *inter alia* for creating procurement units, delegation of authority as well as detailing its composition to include vote controllers (as chair), the head of finance, the head of the procurement unit, an end-user representative, someone with legal or business skills and one other senior official. It sets out in clear and considerable detail the duties of the committee. Section 18(14) provides for the creation of

procurement sub-committees in regional offices of the procuring entity but only with the approval of the NPPA.

As if to emphasise the degree of responsibility for the MDA, section 19(1) specifies that, in addition to the committee, a procurement unit shall be established in each procuring entity, "... with adequate staffing and resources ...", including persons trained and knowledgeable in procurement and charged with carrying out, on an ongoing basis, functions related to procurement. It sets out procurement unit functions as shown in Table 1, PPA Section 19(1) - Procurement Unit Functions.

Table No. 1	
PPA Section 19(1) Procurement Unit Functions	
▪ Planning and Preparation of bid documents	▪ Managing advisers to evaluate bids
▪ Publication and Distribution of invitations to bid	▪ Performance of secretarial services
▪ Receiving and safeguarding bids	▪ Administering the implementation and monitoring of contracts
▪ Conducting bid opening procedures	▪ Profiling of all suppliers, contractors and consultants
▪ Evaluation of bids	▪ Maintenance of a supplier database
▪ Management of technical evaluation committees	▪ Any other function as conferred

In short, the procurement unit conducts the full procurement cycle as well as administrative functions.

The law also permits procuring entities to establish subsidiary procurement units for subdivisions of the procuring entity, which are located in the provinces or for a particularly large or specialised procurement workload. These may operate in practice as an independent entity or would otherwise operate more effectively with a subsidiary procurement unit.

Appointment of staff of procurement units is subject to certification and approval requirements that may be instituted by the NPPA and may be linked to continuing professional education requirements. Here again focusing on the NPPA as the regulatory authority.

2.8. OBSERVATIONS

Audit File Analysis

To isolate recommendations and observations related to procurement matters for the named entities, we conducted an analysis of our audit working paper files for the three year period 2010 to 2012. This analysis is summarised in Table 2 below which shows ASSL made a total of 86 recommendations. The transaction values associated with these recommendations amounted to Le36,006,052,197. Less than 20% have been implemented.

Table No. 2 - Status of Procurement Recommendations 2010-2013

Audit Entity	Total	Implemented	Not Implemented
Ministry of Finance and Economic Development	9	0	9
Ministry of Foreign Affairs and International Cooperation	2	0	2
Ministry of Mines and Mineral Resources	1	0	1
Ministry of Health and Sanitation	21	6	15
Freetown City Council	5	0	5
Ministry of Defence	15	2	13
National Social Security and Insurance Trust	5	0	5
Ministry of Education Science and Technology	11	1	10
Ministry of Agriculture, Forestry and Food Security	15	7	8
Office of the President	2	1	1
Total	86	17	69

In addition, audit notes throughout all our working paper files contain a considerable number of instances where supporting documents were not readily available or were only produced after protracted delay or in some instances not at all. Our management letters repeatedly make reference to failures in observing basic procurement procedures as required by the PPA and Regulations. The omission of the required three bids and the overuse of restricted bidding are found frequently. Also, the technical knowledge of procurement officers was frequently found wanting as many had received very little, if any, training.

2012 Assessment of National Public Procurement System⁵

We are not alone in finding problems with procurement. As early as June 2004, the World Bank (WB) conducted an assessment of the procurement system and produced an Issues Paper on Procurement that highlighted several recommendations for the GoSL all leading to the passage of the PPA 2004 and the creation of the NPPA.

The NPPA has made several significant strides in terms of advancing the reform of the national public procurement system. For example, it has created the Regulations to support the implementation of the PPA as well as standard bidding documents and request for proposals. It created user manuals for these latter Regulations and documents. It has also conducted awareness and capacity building exercises, some procurement training through institutes and maintains a public procurement website. It was instrumental in the creation of a professional procurement cadre in the civil service. While laudable progress has been made on a number of fronts there is, as we note later, much room for improvement

In December 2009 NPPA started to prepare amendments to the PPA and Regulations, and invited comments from civil society, the private sector and development partners. The World Bank encouraged the GoSL to await the completion of the 2012 Country Procurement Assessment Report (CPAR) to better inform the process of updating the law and its Regulations. This CPAR assessment was carried out as a joint exercise between the GoSL and the WB. It used the OECD Development Assistance Committee (DAC) methodology for assessing country procurement systems with the OECD Baseline Indicator Tool (BLI Tool).

⁵ The brief historical background and technical description of the Baseline Indicators Tool in this section of the chapter have been adapted from the 2012 CPAR and OECD Methodology for Assessing Procurement Systems (MAPS).

The main objectives of the CPAR were to:

- (a) provide a comprehensive analysis of the country's public sector procurement system, including the existing legal framework, organizational responsibilities, control and oversight responsibilities/capabilities, present procedures and practices, and how well these work in practice;
- (b) undertake a general assessment of the institutional, organizational and other risks associated with the procurement process, including identification of procurement practices unacceptable for use in World Bank-financed projects;
- (c) develop a prioritized action plan to bring about institutional improvements; and
- (d) assess the competitiveness and performance of local private industry with regard to participation in public procurement, and the adequacy of commercial practices that relate to public procurement.

The BLI Tool has capacity development as a core objective. The methodology includes numeric rating with defined criteria that provide a qualitative scoring of the country's procurement system. It contributes to the primary objective of supporting capacity development in the area of procurement by helping to more specifically and consistently identify the strengths and weaknesses of the systems assessed and provide the ability to track progress of reform initiatives. The methodology has been designed to enable a country to conduct a self-assessment of its procurement system and to help development agencies carry out joint or external assessments.

The Base Line Indicators (BLIs) present a “snapshot” comparison of the actual system against the international standards that the BLIs represent. They address four pillars:

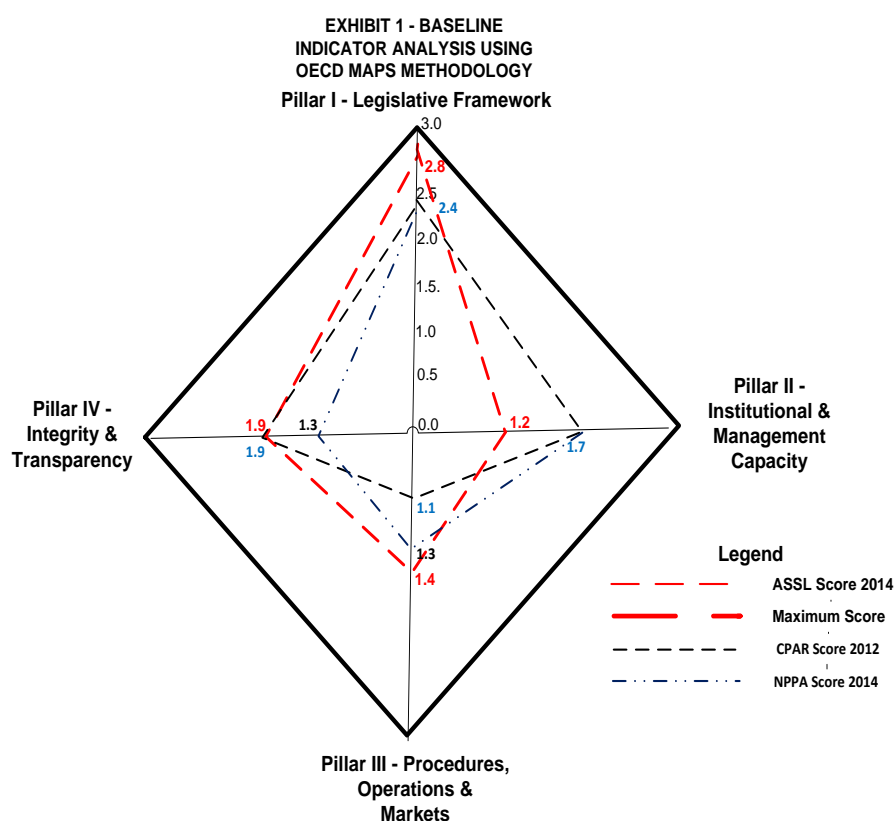
- a) the existing legal framework that regulates procurement in the country;
- b) the institutional architecture of the system;
- c) the operation of the system and competitiveness of the national market; and
- d) the integrity of the procurement system.

Each pillar has a number of indicators and sub-indicators to be assessed. The application of the BLIs is based on a review of the existing regulatory framework and the institutional and operational arrangements.

As part of our current assessment, using the methodology, we independently considered the four pillars and twelve related indicators against the accumulated findings in our audit working paper files and the outcome of multiple stakeholder interviews in ten entities and with NPPA officials. At our request, NPPA officials also applied the methodology and we each subsequently shared and discussed the ratings. ASSL and NPPA scores were very consistent and indicated, when compared with the CPAR ratings, that so far not much has changed since 2012. Indeed the aggregate average score was exactly the same at 1.8 from a maximum possible rating of 3.0. The following table shows the ASSL and 2012 WB/GoSL scores.

TABLE 3 - SUMMARY COMPARATIVE BASELINE INDICATOR ANALYSIS				
Pillar/Indicator	ASSL Scores 2014		WB/GoSL Score 2012	CPAR
	Average Indicator Score	Average Pillar Score	Average Indicator Score	Average Pillar Score
Pillar I – Legislative and Regulatory Framework				
Indicator 1 –Public procurement legislative and regulatory framework achieves the agreed standards and complies with applicable obligations	3.0	2.8	2.0	2.4
Indicator 2- Implementing regulations that provide defined processes and procedures not included in higher-level legislation	2.5		2.8	
Pillar II – Institutional Framework and Management Capacity				
Indicator 3 – The public procurement system is mainstreamed and well integrated into the public sector governance system.	0.75	1.2	2.0	1.7
Indicator 4 – The country has a functional normative/regulatory body.	1.75		1.75	
Indicator 5 – Existence of institutional development capacity.	1.0		1.25	
Pillar III – Procurement Operations and Market Practices				
Indicator 6 – The country’s procurement operations and practices are efficient	1.0	1.4	1.4	1.1
Indicator 7 – Functionality of the public procurement market	1.25		1.7	
Indicator 8 – Existence of contract administration and dispute resolution provisions.	2.0		0.3	
Pillar IV – Integrity and transparency of the Public Procurement System				
Indicator 9 – The country has effective control and audit systems	1.0	1.9	1.2	1.9
Indicator 10 – Efficiency of appeals mechanism	2.0		1.6	
Indicator 11 – Degree of access to information	2.0		2.0	
Indicator 12 – The country has ethics and anticorruption measures in place.	2.5		2.9	
Overall Aggregate Average Score		1.8		1.8

Further understanding of the possible implications of the scores is provided by Exhibit 1, Baseline Indicator Analysis Using OECD MAPS Methodology, which shows a graphical representation of the Pillar scores given by ASSL, NPPA officials and the CPAR. It becomes clearer that Pillar I (Legislative Framework) is scored



relatively high by all, suggesting there is an overall good level of agreement on the appropriateness of the PPA and Regulations. There is however considerable weakness, relative to a maximum score of 3.0, shown for Pillars II (Institutional & Management Capacity) and III (Procedures Operations & Markets). The ASSL ratings for Pillars I and III are higher than both the NPPA and 2012 CPAR rating, whereas the ASSL rating for Pillar II is lower than both. The latter rating is a direct reflection of our three years of audit data and recent stakeholder interviews with staff in the entities selected as part of this study. The

rating given by NPPA officials is similar to that of ASSL except for Pillar IV (Integrity & Transparency) where it was scored at 1.3 as against 1.9 by both CPAR and ASSL. The aggregate NPPA rating was 1.6, which is lower than the CPAR and ASSL rating of 1.8.

Our approach to applying the BLI model was independent and objective. Indeed the fact that CPAR used the OECD MAPS approach only came to light after we had done the assessments and read the CPAR⁶. While the closeness of independent scoring is interesting it is less important than the implications derived from the four Pillars and the Associated Baseline Indicators that measure them. For each rating the variance from a maximum score of 3.0 for each Pillar is considerable and suggests there is still much room for improvement in GoSL procurement.

... the legislative framework has not yet gained sufficient traction to ensure efficient, effective and economical outcomes from procurement expenditure

⁶ The CPAR refers to the assessment methodology as the “DAC Benchmarking Tool” where DAC means “Development Assistance Committee”. That this was the same as the OECD MAPS methodology only became clear upon reading the CPAR.

Overall the implication would appear to be that the implementation of the legislative framework has not yet gained sufficient traction to ensure efficient, effective and economical outcomes from procurement expenditure.

The amendments are good but ... will not ... address the two core issues of NPPA funding for extensive government-wide capacity building or the profound need for a change in entity corporate culture ...

A similar conclusion might be drawn from the 2012 CPAR as it made 109 recommendations⁷. Appendix 1 to this chapter is an extract from Annex 2 of the CPAR summarising the recommendations made. Of these 55 or 50% were focused on Pillar I (Legislative Framework) with 17, 14 and 23 for Pillars II, III and IV, respectively.

Many of the 55 recommendations made in the CPAR for the Legislative Framework have been incorporated into a new draft PPA Bill which we understand has been placed before

Cabinet and is now with legal drafting professionals for fine-tuning and finalisation before being laid before Parliament. We have not reviewed the draft PPA Bill but have been given sight of a 30 slide PowerPoint presentation showing a comparison of current sections of the PPA alongside proposed new provisions and amendments.

The proposed amendments are a good start but will not in and of themselves address the two core issues of NPPA funding for extensive government-wide capacity building or the profound need for a change in entity corporate culture that supports and values respect for the role of procurement officers and the adoption of good practice.

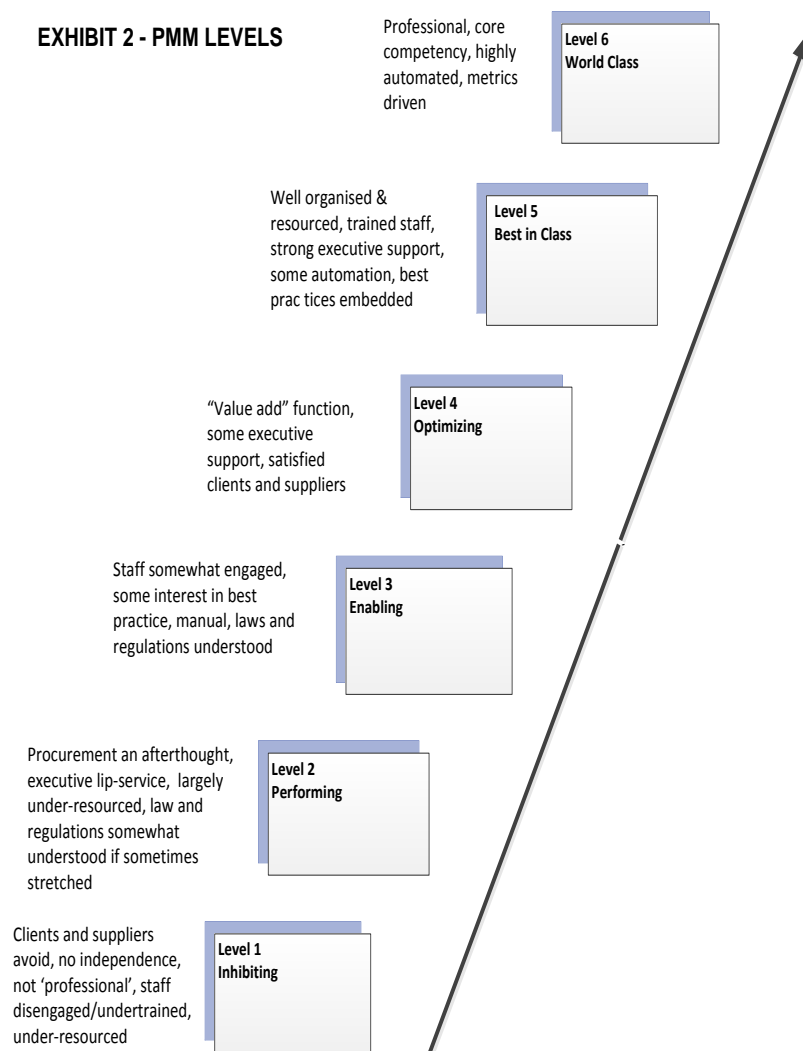
Procurement Maturity Model (PMM) Assessment⁸

To reach an even more independent and informed view on the state of public procurement in Sierra Leone than even that provided by the OECD MAPS model we adapted and applied a recognised PMM. The PMM enables users to easily select, in a spreadsheet format, examples of current practices in order to compare themselves against over 60 best practices. The intent of the model is to provide procurement professionals with practical and actionable practices to improve procurement performance.

⁷ See CPAR, Annex 2, pages 120 to 150 inclusive.

⁸ The Stephen R Guth Procurement Maturity Model (PMM) was developed to assist procurement professionals in implementing procurement best practices as a means to improve organizational performance.

EXHIBIT 2 - PMM LEVELS



In the procurement profession, there is a broad set of external factors which directly affect organizational performance: customers, policy, staff, processes, vendors, tools, and organization. Regardless of whether the external factors are enabling or inhibiting, the procurement function must deliver value - usually in the form of cost savings, enhanced vendor performance, and mitigated legal and operational risk.

To truly gauge organizational performance - and therefore, value - a widely used practice is to compare an organization against other, best-in-class organizations. The object of such a comparison is to identify benchmarks, which represent standards of best practice in measuring areas such as quality, value, or performance. This kind of benchmarking identifies where major changes to enhance performance are required or possible, prioritizes

opportunities for improvement, and acts as an incentive to accelerate the cycle of change.

Using the spreadsheet tool associated with this particular PMM approach GoSL procurement was placed on a continuum of six levels of maturity (see Exhibit 2 – PMM levels) ranging from Level 1 (Inhibiting) to Level 6 (World Class). In our judgement public procurement in Sierra Leone is positioned between Level 2 (Performing) and Level 3 (Enabling). Again, as with the OECD MAPS model, suggesting there remains considerable room for improvement.

When scored across approximately 60 good practice benchmarks the GoSL procurement indicated significant gaps in many operational areas but minimal gaps in areas of policy and specified procedures. The operational areas where there are opportunities for improvement include: use of information technology, better staff organisation, greater executive support, improved planning, professional training and project management.

Stakeholder Interviews

Interviews were conducted with a broad range of procurement officers and officials in the selected MDAs and other entities as well as with management of the NPPA and the Independent Procurement Review Panel secretariat.

Procurement Officer Morale and Organisation

Morale is low among procurement officers. They feel largely undervalued, powerless and underpaid. In many instances they are organisationally isolated with no directorates, resources and are largely unsupported by senior management.

Procurement officers have little or no independence, report to the vote controllers, and many commented on bureaucratic interference in the selection of suppliers. Historically the procurement function was carried out by accounting or finance officers. There is the suggestion that in some MDAs the finance officers weaken the efforts of their procurement colleagues by, for example, insisting that they alone have the duty to officially record transactions and maintaining transaction files.

Despite being a separate cadre under HRMO many procurement officers bring no experience to their positions and have had little or no professional training in the complexities of procurement or in the PPA and Regulations.

The view was expressed that the NPPA does not have either the financial resources or technical capacity to offer adequate training in GoSL procurement requirements or international good practice. There seems to be no appreciation that under Section 17(1) and (2) the procuring entity (i.e. the MDA) has a shared responsibility with the NPPA, the latter setting guidelines for qualifications and training.

Procurement Planning

Procurement plans are intended to prioritize needs; to establish areas for aggregation and economies of scale; to ascertain potential for framework contracts; to provide a checklist for monitoring procurement activities; and to identify in advance where specialist assistance may be required so as to effectively coordinate various activities in the organization.

MDAs and other entities are required to submit Annual Procurement Plans to the NPPA who post them on the NPPA website. Many MDAs fail to submit plans or are slow to do so and many ministries were not represented on the website or, for those who had submission on the site, there were gaps. It was not clear whether the website omissions were attributable to the NPPA webmaster or the MDAs. We examined a number of these plans and noted the quality varied considerably; some were substantially incomplete and lacked sufficient detail to be useful. All were prepared on a common fit-for-purpose, well-designed MS Excel spreadsheet.

Few MDAs have consciously anchored their plans in ministry strategic plans, where one exists. The planning process ideally starts with input from end-user departments within the MDA but often starts after the last MOFED budgetary allocation and generally ends in October/November. The data is collated by the procurement officer taking into consideration the financial threshold, the circumstances and the lead time from advertising to implementation. However, in situations where end user department delay sending completed request forms or fail to do so entirely, procurement officers normally prepare plans based on previous submissions.

The plan is subjected to reviews by the end user department and the procurement committee. However, this is an *ad hoc* process that does not always happen. The plan is submitted to NPPA who after review in turn submit it to MOFED.

In most cases procurements are not executed according to plan. Various reasons are proffered for non-compliance including a lack of funds due to delays in receiving budgetary allocation from the Accountant General's Department, which is responsible for national commitment control and payments to suppliers. This in turn, it is claimed, gives rise to excessive use of restricted bidding – frequently sole-source – due to supplier lead times and the apparent urgency of the requirement. It was also said that senior management frequently direct procurement officers to preferred suppliers.

The NPPA was unable to provide statistics on the extent of sole-sourced contracting. Late disbursement by MoFED of budgetary allocations to MDAs is cited as the most common cause of plan distortion and variation.

The Use of Waivers and Restricted Bidding

Neither MDAs nor the NPPA maintain a price guidance database for cost comparison and as a consequence there is no benchmarking for evaluation of bids.

Contract splitting occurs with some frequency in some cases allegedly due to budget constraints but also to avoid monetary restrictions imposed by Regulations.

The role of NPPA in acquiescing to the use of waivers that permit restricted bidding is widely misunderstood. Many procurement officers see the role of NPPA as approving the use of restricted bidding and contend that Vote Controllers write to the Head of the NPPA for a 'no objection' giving a waiver for restricted bidding or sole sourcing. On the other hand, NPPA takes the position that it does not give approval to entities to use any specific method, as this would be contrary to Section 14(3) of the PPA which effectively prohibits its participation in the award of any procurement contract. In its view NPPA simply reviews and in most cases provides guidance to either proposed methods or in most cases, methods already approved by the procurement committee in accordance with Section 46.1(2). In order to reduce the frivolous application of restricted methods, the merits of a proposed use of a restricted method and the justifications given are reviewed by NPPA to see if they pass a simple test of tenability. If the justifications appear tenable, it then advises that the proposed method must be submitted to the entity's procurement committee for its ultimate decision. In short, NPPA says it only provides advice and not direction as under the PPA Sierra Leone operates a decentralized public procurement system. Therefore, entities are free to accept or reject the advice given.

Not unrelated to the previous comment it has been contended that NPPA's position on waivers as enunciated in the NPPA Public Procurement Manual is *ultra vires* the PPA in that it gives to itself authority it does not possess under statute. The NPPA website adds to the confusion in its definition of "Waivers" under Frequently Asked Questions (FAQs) where it states:

“(Waiver) ... means procurement Officials have discretion based on the urgency of the procurement to waive procurement processes in the manner described only by the relating authority which is the NPPA and the important of the waiver is to allow the procuring entity to bypass all produces (*sic*).”

While the intended meaning is obscured by the particular syntax and language usage it does appear to imply that the NPPA is the authority for granting waivers. At the time of writing, at the request of the NPPA, the

matter has been referred to the Solicitor-General for a legal opinion due to the fact it has recurrently come up of late. This matter needs to be addressed as a matter of urgency.

Independent Procurement Review Panel (IPRP)

The PPA, Section 20(1) establishes the IPRP as a body with the purpose of conducting independent administrative review of complaints and challenges to contract award decisions. The Panel consists of three members appointed by the Minister of Finance from among eminent Sierra Leoneans with a background in public procurement, the Sierra Leone Chamber of Commerce, Industry and Agriculture, the business community, university, the legal profession and other relevant fields. Each member holds office for three years.

The CPAR had the following recommendations for the IPRP:

- Independence of IPRP from NPPA should be clarified and ensured. Clear lines of independence should be established between the NPPA and the Review Panel;
- The PPA states deadlines, but also allows that other deadlines for the submission of complaints may be established in the Regulations;
- A mechanism for enforcement of decisions should be included in the PPA and its Regulations; and
- The right to judicial review should be provided for with respect to procurement complaint.

At the time of our review the Panel existed in name only as the terms of office of members had expired and the Panel has not been reconstituted. There are legitimate reasons to question the independence of the IPRP and its members. For example, it is housed in the premises of the NPPA which also provides its administrative support and has no separate budget. The appropriateness of its members being appointed by the Minister may be questionable and the PPA is silent as to whom the Panel reports. In addition, it is required under Section 65(3) to submit its decisions within ten days, a period considered too short by many including the CPAR. Since its establishment four years ago, the committee has mediated 12 cases.

The proposed amended PPA Bill contains extensive modifications to sections affecting the IPRP including improvements to its independence from the NPPA, funding sources and giving it the power to cancel contracts entered into.

These are moves in the right direction but the amendments need to be enacted.

Funding of NPPA Operations

This review has identified a range of matters in urgent need of being addressed by the NPPA. These include:

- comprehensive multi-level training and professional certification for the cadre of procurement officers throughout all levels of government in Sierra Leone;
- consistent and persistent monitoring, evaluation and reporting by NPPA of procurement cycle processes including large, medium and small contracts and sector-focused reviews, e.g. health related procurement;
- improved enforcement of and quality control over procurement planning by MDAs and other entities; and
- improved reporting of procurement activities by MDAs and other entities to the NPPA.

Perhaps the most urgent matter in need of addressing is a monumental shift in corporate culture by management and others to respect the role and responsibility of the procurement and for all to abide by the requirements of the PPA and Regulations.

However, these matters cannot be achieved without the NPPA being given more resources to fund its mission. In Table 4, it can be observed that NPPA is underfunded for the task that lies ahead.

Table 4 – Funding for NPPA (excluding payroll charges)			
Organisation Name	2010	2011	2012
	Le (millions)	Le (millions)	Le (millions)
NPPA	689	646	619

The less than 50 staff it currently enjoys is likely insufficient to undertake the level of monitoring and evaluation required or to address the training urgently needed to raise the professionalism of procurement officers throughout MDAs and other entities. In short, with over 70% of the government budget related to procurement, getting it right in every sense should be a priority.

Comments on NPPA Manual

This is a comprehensive document describing the complexities of modern public procurement. The CPAR had the following observations on the manual with which we concur:

- the manual and Special Bidding Documents (SBDs) need to be updated on a regular basis;
- SBDs for health goods and IT are missing; and
- SBDs and contract documents do not fully or consistently address matters relating to fraud and corruption, conflicts of interest and unethical behaviour.

Of particular note is the World Bank’s observation that:

“The manual is not the appropriate venue for allowing any forms of deviations – this should be at the level of the PPA. The NPPA should not be in a position to authorize any such deviations through the use of the Regulations and procurement manual.”

We would add, referring back to our earlier comments on confusion regarding ‘waivers’, that at the root of the matter giving rise to the request for the referenced legal opinion was the view that NPPA, through the manual, was granting itself authority it did not have under the governing statute, the PPA.

The manual makes reference to the creation of a database of suppliers. This has not yet occurred although we were told that it is in progress.

2.9. APPENDIX 1

Extract from 2012 Assessment of National Public Procurement System Summary of Key Findings and Recommendations

As this is a highly specialized technical report on procurement, we have designed this section to be a more readable summary for a general audience of non-procurement specialists.

This section presents an overview of the findings and recommendations which are amplified in much greater details in the annexes. The technical reader is referred to primarily to Annex 1 for the most

precise wording, interpretations, and recommendations with regards to all issues in this report. Annex 2 presents similar information in a table style format for an action plan, with more simplified wording for the sake of brevity.

A summary of the main issues are presented below:

Revisions to the Legal Framework for Procurement

The CPAR review reveals that there are many improvements that need to be carried out to the legal framework, mainly under Pillar 1 but also as well as under several of the other indicators. Generally, there are several inconsistencies, contradictions and ambiguities in language as well as among the PPA, its Regulations and the procurement manual. Also in some cases the Regulations contain substantive provisions governing for the procurement processes that are not included in the PPA.

Key matters to be revised in the Public Procurement Act and its Regulations

- The procurement methods are imprecisely or not fully set forth, and their conditions for use are not clear or consistently stated;
- The use of two-envelope system should be clearly prohibited for works and goods in both the PPA and its Regulations, except for selection of consultants. This is an example of an inconsistency or ambiguity between the Act and its Regulations;
- The PPA should expressly provide that foreign bidders may participate in procurements conducted using NCB;
- In the case of a procurement involving multiple lots, the procurement methods should be selected based on the estimated total value of the overall procurement package (i.e. not on a lot-by-lot value basis);
- The publication requirements are not consistently set forth in the PPA and its Regulations. The Regulations should be revised so that they do not allow for individual determination/interpretation as to when nationality may be used as a discriminating factor in participation;
- The registration process for private sector companies needs to be clarified so that it is not an eligibility requirement or other condition for participation in public procurement;
- The PPA does not explain the important information as to the debarment process, including the due process accorded the accused. To the extent that suspension is intended, then it should be provided for in the legislative framework;
- Revise the PPA and its Regulations to explicitly describe the conditions for the participation of government-owned enterprises in public procurement (current legal framework is silent as to SOE participation);
- Although the PPA does permit negotiations to reduce the contract cost when the lowest evaluated responsive bid exceeds the contract budget by a substantial margin, the distinction as to when such negotiations are acceptable and when rebidding is required should be clearer;
- Prohibit on the use of point system evaluation (except in the case of consulting services), and specify that criteria not evaluated in monetary terms should be evaluated on a pass/fail basis;
- The PPA should be explicit that in all cases of late submission of consultant services requests for proposals (RFPs) that the RFP should be returned unopened. This is another example where there is ambiguity between the Act and its regulations, as it is only in the regulations that call for returning an unopened envelope upon late submission;

- Pre-qualification should not be used for the purpose of shortlists in restricted bidding and registry systems;
- Like in the PPA, the Regulations should make clear that nothing in the functions assigned to the NPPA shall be construed to include the power to participate in the award of any specific procurement contract, or to otherwise intervene in procurement operations. The Regulations should not be used to assign additional functions to the NPPA;
- The Regulations, but not the Act, permit a procuring entity to renegotiate the contract in order to stay within the budget or otherwise minimize costs for the procuring entity in such circumstances. As a general matter, it is not appropriate to include in Regulations conditions, such as this one, that alter what is permitted under the law. In addition, this particular alteration gives a procuring entity a potentially wide opening to renegotiate contracts in circumstances that would require termination of the contract under the Act and under good international practice generally. The Regulations should not allow renegotiation when price deviation causes an increase in excess of the pre-agreed;
- The Regulations should be updated on a regular basis, since normally regulations are updated more often than the primary Act. In Sierra Leone the Procurement Regulations have not been updated since 2006;
- The PPA and Regulations should be revised so as to refer to the current Anti-Corruption Act of 2008 (and not to the Anti-Corruption Act of 2000); and
- The PPA needs a clear explicit revision or cross reference to the GBAA with regards to the commencement of procurement proceeding, since the GBAA (2005) does clearly state that funds cannot be committed unless covered by appropriations duly approved by Parliament.

Key matters to be revised in Relation to the Independent Procurement Review Panel

- Independence of IPRP from NPPA should be clarified and ensured. Clear lines of independence should be established between the NPPA and the Review Panel;
- The PPA states deadlines, but also allows that other deadlines for the submission of complaints may be established in the Regulations. A mechanism for enforcement of decisions should be included in the PPA and Regulations;
- A mechanism for enforcement of decisions should be included in the PPA and its Regulations;
- The right to judicial review should be provided for with respect to procurement complaint;

Key matters to be revised in the Procurement Manual and the Standard Bidding Documents (SBDs)

- Manual and SBDs need to be updated on a regular basis;
- SBDs for health goods and IT are missing;
- SBDs and contract documents do not fully or consistently address matters relating to fraud and corruption, conflicts of interest and unethical behaviour; and
- The manual is not the appropriate venue for allowing any forms of deviations – this should be at the level of the PPA. In the Bank's opinion, the NPPA should not be in a position to authorize any such deviations through the use of the Regulations and procurement manual;

Key matters to be revised in other legislation

- The GBAA (2005) needs to have explicit description as to when a procurement can commence, since the GBAA (2005) does clearly state that funds cannot be committed unless covered by

appropriations duly approved by Parliament. This also needs to be explicitly cross referenced to the PPA;

- The PPA and Regulations should be revised so as to refer to the current Anti-Corruption Act of 2008 (and not to the Anti-Corruption Act of 2000);
- The respective scopes of responsibility of the NPPA and Anti-Corruption Commission are not always clearly delineated;
- Enactment of an arbitration law should be considered; and
- Sierra Leone is not a signatory to the New York Convention on enforcement of international arbitration awards, and this should be addressed.

Reforms and Revisions Related to Financial Management

The findings show that the examples below are key actions for Sierra Leone to consider in the near future:

- Amend the GBAA (2005) to clearly state that funds cannot be committed unless covered by appropriations duly approved by Parliament, and to clarify when procurement proceedings can commence and when contracts can be signed based on appropriated funds;
- Review the GBAA and FAR, to introduce amendments to strengthen conditions to ensure that information on contracts is reported upon and recorded in a regular and timely manner;
- Strengthen the internal audit function across MDAs generally, and specifically introduce focused and specialised procurement capacity building program to cater for the requirements of auditors (internal and external);
- Provide technical assistance to the supreme audit institution to enable them to carry out annual procurement audits effectively; and
- Follow-up to implement the already recommended mechanisms to ensure that all recommendations are adopted of audit reports, and that compliance with established reporting requirements is strengthened.

Strengthening Capacity Building Strategy & Procurement

The NPPA needs to design a procurement capacity building strategy, and continue its efforts to structure a career stream for procurement staff in the civil service in Sierra Leone. Some of the key issues to improve are:

- The current capacity building initiatives need to be studied and incorporated into a wider capacity building strategy that encompasses the creation of a professional procurement cadre under the civil service (titles, job descriptions, national qualifications, career paths and appropriate remuneration); the establishment of national training institutes that can deliver certified procurement training on a sustainable basis (training of trainers, supply of syllabi, training materials, etc.); and the delivery of tailored courses for all of the various stakeholders (audit, procurement officers, high level government and parliamentary persons, media, civil society organizations (CSOs), etc.);
- The system for annual evaluations of staff performance in the field of procurement is nascent and requires much more work;
- The procurement cadre concept is only now being implemented in Sierra Leone and will need significant strengthening;
- IPRP members should be trained in procurement; and

- Technical specialists in procurement entities (as for example in health, educations, transport, etc.) need to be strengthened to prepare appropriate technical specifications, performance criteria, and terms of reference. Furthermore these technical specialists need to be trained on critical procurement aspects such as qualifications, bid evaluation of substantial responsiveness and scoring in technical evaluation of consultant proposals.

Strengthening of Key Operational Aspects for Procurement and CSO Involvement

The NPPA web site is a critical tool for procurement in Sierra Leone and it needs several improvements because it is not up-to-date, nor fully reliable. As connectivity is improving in the country, and within the next two years a submarine cable will improve speed and access dramatically, the NPPA web site should address the following:

- Improve user friendliness;
- Update all information regularly (*e.g.* weekly);
- Revive dead links continuously;
- Improve record keeping at MDAs so current information can be analyzed and posted publicly.

There is a weak network or relationship that currently exists between civil society and the NPPA/ACC. CSOs are not well prepared and do not have much capacity in the field of procurement. Access to procurement information is also very limited for them to perform social audits. The current knowledge of the basic procurement processes, and the CSO role in monitoring of procurement processes needs to be strengthened.

CHAPTER 3

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3.1. FOLLOW-UP ON PREVIOUS RECOMMENDATIONS

MAIN POINTS

What we examined

The Auditor General's Annual Report for 2010, 2011 and 2012 as well as management letters issued to a selection of audit entities were analysed. The purpose of the analysis was to determine which issues and/or recommendations had been repeated in one form or another over the three years. We classified the actions taken into three groups: implemented, not implemented or work-in-progress, the latter meaning that some work was being undertaken but was not yet completed.

Why it is important

Much of our work is concerned with making professional judgements on compliance with the laws of Sierra Leone and with the maintenance of basic principles of internal control in the administrative, financial and accounting systems and practices used by the government. Our work is one of the pillars of sound public financial management and the recommendations we make are a fundamental part of improving it. The Constitution of Sierra Leone, the Audit Service Act, 2014 and other laws are our authority to do this work. Public financial management in Sierra Leone is known to be weak if improving, albeit too slowly. We make observations on issues coming to our attention and provide recommendations for improvement to the public financial management system. Government Ministers and senior members of the public service are charged with the responsibility of ensuring and properly guarding the public purse. Parliament, citizens and international donors have a right to expect nothing less. That is why this is important.

What we found

Almost without exception our observations and recommendations are not being given the attention they deserve, or that Parliament, citizens and international donors have a right to expect. For example, Freetown City Council has implemented less than 4% of our recommendations and, from the nine entities reviewed, another three have implemented less than 10%. Overall only 19% have been implemented. In absolute numbers, for the three years 2010 to 2012 there were 682 recommendations for the nine entities of which 130 were implemented, 508 were not implemented and 44 were in process.

Overall only 19% of recommendations have been implemented.

There is a clear pattern of repeated observations across all the audit entities we reviewed. The areas of repetition relate to basic tenets of public financial management and compliance with the laws of this country as enacted by Parliament. Derelictions of duty by public officers in question are largely in the following areas:

- Cash management and internal control;
- Compliance with procurement laws and regulations;
- Basic records management of an administrative and financial nature; and
- Protection of assets.

The value of the transactions associated with these areas of concern – that resources are not well managed – is on a very significant scale. In short, there are problems in some areas of public financial management in Sierra Leone.

3.2. ABOUT THIS CHAPTER

The chapter highlights progress on implementing audit recommendations in selected entities and identifies those where progress is less than satisfactory.

An important component of any audit process is the follow-up of audit recommendations. There is little benefit to an audit unless recommendations are implemented. In order to address this issue, ASSL has this year initiated a formal process to follow-up and report on previously issued audit recommendations. The resources devoted by ASSL to this follow-up are significant and commensurate with the importance we place on improving public financial management, getting value-for-money and having sound systems and processes for internal control and asset management.

3.3. INTRODUCTION

We set out to make a detached and comprehensive assessment of actions taken on our recommendations and to report our findings to parliament in summary form with year-over-year comparison.

In our annual reports we have said the same thing over and over again to little avail. We know that others have noticed the pattern as well. For example, donors have commented on the repetition and lack of progress. They question whether MDAs and other agencies of government take their responsibility for public financial accountability seriously. More than one has said that if MDAs were seen to take their custodial and fiduciary roles more seriously – an indicator of which would be addressing our recommendations – it could even lead to increased donor funding and support.

Communicating the message is important. We thought that by aggregating the number of recommendations made and classifying them in a structured manner this would show the pattern of action taken by MDAs clearer. Presenting just a few numbers gives a succinct view of the whole picture to parliamentarians and other stakeholders. That is our overarching objective.

In addition we want to achieve the following:

- have our recommendations effected in a timely and satisfactory manner;
- measure the extent to which monetary recovery⁹ is made when that was part of a recommendation; and,
- compare the performance of audit entities in terms of the manner and timeliness in which they address our recommendations.

The Public Accounts Committee (PAC) has a fundamental role to play in seeing that appropriate action is taken on our recommendations. Section 119 (5) of the Constitution states that Parliament:

“... Shall debate the report of the Auditor-General and appoint where necessary in the public interest a committee to deal with any matters arising there from ...”

This is the constitutional authority for the PAC. It may summon public servants and others as witnesses on such parts of the Auditor General’s Annual Report as it deems appropriate. Its process may include *inter alia* ordering monetary recoveries, verifications of findings, requests for supporting documents, referral to the Attorney General and the Anti-Corruption Commission.

⁹ Recoveries of GST, withholding tax, customs duties, NASSIT contributions and PAYE deductions, etc.,.

Transparency is important to the PAC. Therefore, oral evidence sessions are normally held in public and any witness, who, without good reason, fails to attend, may be held in contempt of Parliament. The hearings, normally as long as lasting two hours, take place in the Parliament building in Freetown, although in recent years some were held in regional locations and are open to the public.

3.4. METHODOLOGY, SCOPE AND APPROACH TO THIS REVIEW

As an integral part of every annual audit, a follow-up review is conducted for each recommendation given in the preceding year. We identify who in management is responsible for implementing our recommendations and request a status update verbally or in writing. The status is confirmed by review procedures.

We do not re-perform the original audit procedures although we may cover the same ground in the current year's audit. Review procedures are not audit procedures. To assess the credibility and reasonableness of responses we rely on management's representations and on limited examination and evidence of actions taken. Our procedures are limited to enquiry, document review and discussion. The evidence obtained through these procedures enables us to conclude on whether the action taken is plausible and reasonable in the circumstances.

This chapter includes a table indicating the current status of our recommendations. For the nine entities shown in the table there is a clear ranking of how well each is dealing with our recommendations. The PAC may use this information to identify Ministries from which to call witnesses or take such other action it deems appropriate.

This is the first year we are using more formalised summary reporting on recommendations. We categorise entity action in the following manner:

- *Implemented* - the recommendation has been implemented or an alternate solution has been applied that fully addresses the risk identified in the recommendation;
- *Not implemented* - management has not implemented our recommendation or addressed the risk identified; and
- *Work-in-Progress* - management is in the process of taking steps to implement our recommendation.

The above categorisation is basic and fit for purpose.

3.5. ENTITIES SELECTED FOR REVIEW

The entities selected for review and comment are as follows:

- Ministry of Finance and Economic Development;
- Ministry of Health and Sanitation;
- Ministry of Agriculture, Forestry and Food Security;
- Ministry of Foreign Affairs and International Cooperation;
- Ministry of Defence;
- Ministry of Mines and Mineral Resources;
- Ministry of Education, Science and Technology;
- Office of the President; and
- Freetown City Council.

The audit entities whose reports and audit working paper files we reviewed were selected largely on the basis of size, risk assessment and our past audit experience.

3.6. OVERALL SUMMARY OF FINDINGS

Analysis for 2010 to 2012

We reviewed 682 recommendations for nine audit entities. The following is the status:

- 130 have been implemented;
- 508 have not been implemented; and
- 44 remain in progress.

The implementation rate of 19% is not encouraging. Freetown City Council has taken action on less than 4% of our recommendations. Overall four of the nine entities have an implementation rate of less than 10%.

We encourage the PAC to request status reports for those recommendations that are ‘not implemented’ and also those that ‘remain in progress.’

Table 1 - Status of Recommendations for 2010-2012				
Audit Entity	Total	Recommendations		
		Implemented	Not implemented	Work-in-Progress
Ministry of Finance and Economic Development	82	7	75	-
Ministry of Foreign Affairs and International Cooperation	20	1	19	-
Ministry of Mines and Mineral Resources	62	8	54	-
Ministry of Health and Sanitation	76	26	50	-
Freetown City Council	131	5	126	-
Ministry of Defence	83	6	77	-
Ministry of Education Science and Technology	64	10	54	-
Ministry of Agriculture, Forestry and Food Security	138	56	44	38
Office of the President	26	11	9	6
Total	682	130	508	44
%	100%	19.0%	74.5%	6.5%

Where our recommendations indicated a potential to recover GST, withholding tax, customs duties, NASSIT contributions and PAYE deductions, the amounts applicable to these entities were in the aggregate, Le. 2.486 Billion.

Table 2, Values Associated with Recommendations by Year/Issue Type, indicate the scale of these findings in terms of the associated transaction values. The relative size of the entities is shown by the approved recurrent budget estimates for each. The table shows three categories of recommendations:

- Cash, bank and Internal Control;
- Procurement; and
- Stores and Assets Management

As used here the term “recurrent budget estimates” means expenditure excluding payroll and financing charges. Based on this measure the ministries of Education and Health had the largest budget in each of the three years under review. Each year issues raised are dominated by Cash, Bank and Internal Control as well as Procurement matters. These represent over 95% by value with Stores & Assets Management coming in a distant third. It is very important to note what Table 2 represents. We are not saying or implying that the values shown represent misappropriated funds. The amounts shown represent transaction values that were not well controlled by management in a manner consistent with good practice.

Table 2 - Values Associated with Recommendations by Year/Issue/Type

Institution	Recurrent Budget (RB)	Cash, Bank & Internal Control	Procurement	Stores & Asset Management	% of RB
2010					
Agriculture	76,072,808,927	282,744,000	103,915,486	0	0.51%
Defence	91,118,067,937	294,114,250	5,933,280,000	6,900,000	6.84%
Education	241,070,229,890	372,990,400	5,903,750,688	798,144,998	2.93%
Finance	52,676,750,814	11,866,073,646	0	0	22.53%
Foreign Affairs	51,758,927,546	0	0	1,101,500	0.00%
Health	105,861,126,466	0	1,132,017,953	0	1.07%
Mines	17,996,001,698	12,848,131,418	0	0	71.39%
TOTAL	636,553,913,278	25,664,053,714	13,072,964,127	806,146,498	
% by Issue/Year		64.9%	33.1%	2.0%	
2011					
Agriculture	126,526,900,834	2,220,478,233	512,950,000	0	2.16%
Defence	110,328,235,015	336,763,000	279,431,000	68,271,000	0.62%
Education	275,336,100,000	393,494,963	0	0	0.14%
Finance	45,221,822,881	2,383,485,285	0	0	5.27%
Health	169,053,988,219	10,999,443,750	2,260,786,500	0	
Mines	10,888,529,004	17,169,989,341	0	246,479,850	10.30%
Freetown City Council	19,934,239,958	5,042,299,286	115,834,500		25.88%
TOTAL	757,289,815,911	38,545,953,858	3,169,002,000	314,750,850	
% by Issue/Year		91.7%	7.5%	0.7%	
2012					
Agriculture	126,905,822,728	0	1,327,500,000	0	1.05%
Defence	119,783,300,000	40,919,867	0	236,093,790	0.23%
Education	405,883,901,544	14,457,426,449	16,529,499,865	170,443,750	7.68%
Foreign Affairs	75,297,956,016	395,856,331	0	0	0.53%
Health	154,950,689,392	264,081,308	990,000,000	0	0.81%
Mines	16,526,760,112	8,905,057,673	0	0	53.88%
Freetown City Council	20,556,179,982	5,747,370,908	917,086,205	0	32.42%
TOTAL	919,904,609,774	29,810,712,536	19,764,086,070	406,537,540	
% by Issue/Year		59.6%	39.5%	0.8%	

The scale of the values relative to the total recurrent expenditure budget estimates is high and points to the need for MDAs and other entities to take action on improving internal controls and compliance with procurement laws and regulations in particular. Unless corrective action is taken the government may lose control of the purse-strings of the nation.

3.7. SUMMARY OF FINDING BY AUDIT ENTITY

Here we summarise for each selected audit entity the year-over-year situational analysis as we have found it. It does not make a pretty picture and it is one which neither parliament nor the executive or donors should continue to accept. Public Officers are charged with the responsibility of properly accounting for the use of tax payers monies.

The paragraphs on each entity describe the broad nature of the findings and recommendations reported and the extent of progress (or lack thereof) in dealing with them over the three year reporting period. We do not repeat what was said already in the annual report; however, where relevant we provide cross-references (year and page number) to the reports.

*Unless corrective action is taken
the government may lose control of
the purse-strings of the nation.*

Ministry of Finance and Economic Development

The Public Accounts are the annual financial statements of the Government of Sierra Leone and are produced by MoFED through the Accountant General's Department. These are the primary vehicles through which the government accounts to parliament and citizens on the discharge of the revenue and expenditure authorised annually by the representatives of the people in Parliament.

In the Auditor General's report for each of the years under review we produced a table setting out Outstanding Issues from Previous Audits (see Annual Reports, 2012 page 45; 2011 page 52). For the current year the table appears in Chapter 4; the Auditor General's Opinion on the Public Accounts. These relate not just to internal control in the ministry, but to matters arising from the audit of the financial statements. Essentially similar observations have been made every year. Each year the response from management remains largely unchanged. Actions taken by those charged with governance have been very marginal to significantly improve audit outcomes. These matters are not trivial as the following selected examples show:

- inadequate control over collection, banking, recording and reporting of transactions;
- failure to capture donor disbursements and other public funds;
- inadequate supporting documents on payment vouchers;
- poor control of transit bank accounts; and
- poor management of the MoFED/NRA relationship.

In the same years we also comment on internal control and procedural matters. There are recurring problems regarding:

- balances held by commercial banks where banks statement are not produced for audit;
- accounting for NGO registration fees;
- poor controls over vehicle fuel allocation;
- non-retirement of cash imprest accounts;
- stores ledger not available for audit; and

- missing vouchers.

We are forced to conclude therefore that our findings and recommendations are largely ignored year-over-year.

Ministry of Foreign Affairs and International Cooperation

Between 2010 and 2012 there are recurring findings regarding the retention of employees' past retirement age without HMRO authorised extensions. The ministry's failure to secure the return of diplomatic passports from holders, including members of Parliament, is a recurring theme as well as basic controls over the distribution and usage of fuel for vehicles.

There appears to be a lack of commitment to deal with important issues relating to the proper functioning of financial and operational matters.

Ministry of Mines and Mineral Resources

Our mineral resources are not just a source of national pride and hope for the future of Sierra Leone. They are an asset and source of revenue for the public purse in the custody of professional public officers who should act reliably with propriety and integrity in the interest of the nation. The perennial failure to address our findings and recommendations suggests this is not the case.

Between 2010 and 2012 we repeatedly commented on an ineffective cadastre system and its impact on license fee revenue as well as on cash control and unreconciled differences with the NRA. Supporting duplicate vouchers for licences issued not being presented for audit is a recurring problem each year. Funds collected from licence fees are not being deposited into the CRF but are being spent by the Ministry without prior approval. Inadequately maintained attendance records and staff apparently with no NASSIT numbers have been reported and in Freetown this year, 47 staff out of 107 were unverifiable.

In short, there is a continuing problem with revenue and expenditure control as well as headcount which year after year is not being addressed by management.

Ministry of Health and Sanitation

We conduct separate audits of the ministry, hospitals and district health units. Taking these components of the health care system as a whole, year-over-year comparison shows there are recurring problems in the following areas:

- non-compliance with procurement procedures;
- non- provision of supporting documents for expenditure under audit;
- control and usage of fuel;
- collection and banking of revenue;
- stores management and records;
- managing and supplying of drugs and medicines; and
- overall cleanliness and sanitation of premises.

This pattern suggests that not much is well managed in the health sector and worse still, little or nothing is being done to remedy the situation.

Ministry of Defence

Controls, including basic records keeping for distribution and usage of fuel have been a recurring problem in 2011, 2012 and 2013. There have been problems with missing payroll records. In 2011 there were 111 instances of unverifiable staff which increased to 147 in 2013. There have been instances of unauthorised deductions from the wages of junior officer in 2012. Cash controls, including missing bank statements and non-retirement of imprest accounts, are a recurring theme. Significant deficiencies in non-presentation of documents supporting procurement transactions as well as failure to comply with procurement procedures and related reporting matters have been noted repeatedly. In each of the past three years bags of rice in the thousands have gone missing and related records keeping leaves much to be desired.

Ministry of Education, Science and Technology

Throughout HQ and Regional locations we have made persistent multi-year comments on poor management of stores including physical tidiness and records maintenance. Similarly, problems with vehicle logbooks, recording fuel usage and issues around vehicle maintenance arise each year with no evidence of improvement. Failure to deduct withholding tax on a range of expenditures is also a recurrent issue. We report annually on schools on a broad range of issues identified, that rests squarely on the shoulders of this ministry.

Ministry of Agriculture, Forestry and Food Security

Cash and bank controls are weak with many bank statements not presented for verification as well as missing documentary support for expenditure. We have noted serious record-keeping problems with reforestation assessment fees, export clearances and collections. Non-compliance with procurement procedures have been noted year-over-year. Perennial problems associated with transport returns, buses, ticket and ticket revenue controls are present. Record-keeping issues regarding stores, fuel management, personnel records are also a recurring issue.

Not much attention, if any, seems to be paid to the observations and recommendations arising from our annual audits.

Office of the President

There is a significant clear pattern in our observations and recommendations for this office. Each year we comment on a failure to adequately account for material amounts of per diems for international travel to members of H.E.'s entourage. Related to this is a recurring failure to properly retire imprest accounts. In each year too there have been breaches in the application of procurement procedures; and control over the recording and usage of fuel has been noted as weak.

Freetown City Council

Our recommendations to the Council have had a common theme since 2010. We repeatedly comment on:

- unretired or improperly retired imprest accounts;
- missing supporting documents for expenditure;
- breaches of procurement procedures; and
- non-existent guidelines for the payment of sitting fees to councillors.

Of the entities selected for review the Freetown City Council is the worst. Little progress appears to be made in dealing with any of the matters raised.

CHAPTER 4

PERFORMANCE AUDIT

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4.1 PERFORMANCE AUDIT

Main Points

What we examined

The chapter summarises the performance audits we conducted this year which have been tabled in Parliament as special reports under Section 66(4) of the Government Budgeting and Accountability Act 2005.

Performance auditing carried out by ASSL, like any other SAI, is an independent, objective and reliable examination of whether government undertakings, programmes, systems, activities or organisations are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

In 2013 we submitted two performance audit reports to Parliament. The audits were concerned with the Municipal Solid Waste Management by Local Councils and Agricultural Mechanisation by the Ministry of Agriculture Forestry and Food Security.

Why it is important

Simply put, performance auditing is about determining whether the matter under examination has been done in the right way. This simply means, asking if it has been done with due regard for economy (at the lowest cost), efficiency (in the best way) and effectively (achieving intended results). In short, performance audits are said to deal with the 3Es (economy, efficiency, and effectiveness).

These are important matters for citizens and donor organisations alike. Each has a right to know that the nation's expenditure has not been satisfactorily utilised. Performance audit goes beyond the purely legal question of whether revenues collected or expenditure made was authorised by Parliament. It goes deeper and examines, against criteria derived from principles of economy, efficiency and effectiveness, how revenues collected were spent and whether value-for-money was achieved. Assessing whether value-for-money was obtained is the key driver and it does so by examining inputs, outputs and outcomes.

What we found

Municipal Waste Management

From our findings we concluded that local councils have not carried out the collection, transportation, and disposal of municipal solid waste in a manner that ensures public health and safety and which protects the environment.

In the report we noted the following:

- five of the local councils covered by the audit had not developed and implemented strategies to separate waste into different types;
- most councils do not provide sufficient transit skips for depositing waste;
- there was indiscriminate and illegal disposal of waste in public places in each council area;
- landfills in Freetown have reached their capacity levels and are no longer suitable for the disposal of waste;

- none of the councils had sufficient vehicles and equipment for collecting and disposing of waste; and
- there was no evidence of active monitoring of waste management at the local or national level.

Agricultural Mechanisation

From our findings we concluded that:

- the Ministry did not efficiently manage the hire-purchase scheme;
- the acquired farm machinery was not used to improve productivity;
- the mechanisms put in place by the Ministry did not minimise 'pre' and 'post' harvest losses; and
- the Ministry did not provide adequate technical support to farmers.

Collectively, these failings in promoting mechanisation and not providing the necessary technical support significantly affect the ability of farmers to improve productivity.

We noted and in the report commented on the following:

- only 26% of installment payments had been made by farmers and in 2013 only 0.4% of payments due were collected;
- hire purchase tractors developed serious mechanical problems in the first year;
- the Ministry provided a mobile mechanical workshop, with trained operators, to carry out necessary servicing and repair work free of charge but farmers commented that they could not afford to pay for the services of the workshop, suggesting that they were being asked to pay for services that should have been provided free;
- spare parts were not easily accessible in local markets;
- most farmers were still practicing the traditional clustered planting of seed rice, which resulted in low yields instead of the recommended line planting of rice seed for inland valley swamps; and
- a review of Agricultural Business Centres revealed that more than 50% had low activity levels and in excess of 10% were completely dormant.

4.2 THE NATURE AND PRACTICE OF PERFORMANCE AUDITING

Performance auditing carried out by SAIs is an independent, objective and reliable examination of whether government undertakings, programmes, systems, activities or organisations are performing in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement.

Economy, efficiency and effectiveness, often referred to as the 3Es, are described as follows:

- the principle of economy means minimising the costs of resources. The resources used should be available in due time, in appropriate quantity and quality and at the best price;
- the principle of efficiency means getting the most from available resources. It is concerned with the relationship between resources employed and outputs delivered in terms of quantity, quality and timing;
- the principle of effectiveness concerns the extent to which objectives are met and the intended results achieved.

While promoting good governance is the main aim of performance auditing, it also contributes to accountability and transparency. Performance auditing promotes accountability by assisting those

charged with governance and oversight responsibilities to improve performance. It does this by examining whether decisions by the legislature, or the executive authorities, are efficiently and effectively implemented, and whether taxpayers or citizens have received value for money. “However, it does not question the intentions and decisions of the legislature or policy decisions of the executive.”

Performance auditing promotes transparency by affording taxpayers, financiers, ordinary citizens and the media an insight into the management and outcomes of different government activities. It provides useful information to citizens while serving as a basis for learning and improving.

The users of performance audit reports expect reliable evidence-based reports that provide clear information on the questions addressed, along with findings, conclusions, and recommendations. At the outset of the audit the standards are established against which the performance of the audited entity will be assessed. These standards or assessment criteria determine whether or not the operations or the programme meet or exceed expectations. They also help the auditor to create a common understanding with the audited entity. Audit methods are chosen which best allow the gathering of data in an efficient and effective manner.

ASSL’s approach to performance auditing reflects that adopted by AFROSAI-E. This approach can be described as a problem-oriented approach where the prevalence or indication of a problem, or challenge to performance, constitutes the starting point for the audit. The purpose of the audit is to confirm the nature and extent of the problem or issues affecting performance, identify the causes, and make recommendations for improvement.

In the reports summarised below, we assessed the performance of the MDA responsible for the audited activity and indicated how performance could be improved. The recommendations are aimed at removing the causes of problems and weaknesses identified, adding value not only to the MDA but to society as a whole. Some issues highlighted in all our reports show:

- a need for more effective implementation of plans and activities to achieve operational objectives;
- the importance of recording, reporting and compiling data on what is being done; and
- a general need for better understanding of existing rules, regulations and guidelines.

In selecting areas for performance audit we have considered matters of significance for social and economic development and the risk that performance may not meet the goals of economy, efficiency and effectiveness.

Although relatively new to countries like Sierra Leone and others at a similar stage of development, performance auditing has been practiced in various and evolving forms in mature economies for over thirty years. Its practice is virtually unique to the public sector and mostly to Supreme Audit Institutions (SAIs). As a consequence, the professional audit standards that apply to it have largely been developed under the aegis of INTOSAI, the International Association of Supreme Audit Institutions, in which ASSL is an active member through AFROSAI-E.

This Chapter summarises performance audits conducted this past year which have already been tabled in Parliament as special reports under Section 66(4) of the Government Budgeting and Accountability Act 2005.

4.3 SUMMARY OF PERFORMANCE AUDIT FINDINGS

4.3.1 Ministry of Local Government and Rural Development – Municipal Solid Waste Management by Local Councils

Audit Service Sierra Leone undertook an independent assessment of waste management activities by seven local councils (the City Councils of Freetown, Bo, Kenema and Makeni, the District Councils of Pujehun and Kenema and the Western Area Rural District Council). The objective of the audit was to assess the extent to which these local councils provided efficient and effective services in managing the collection and disposal of municipal solid waste.

The Integrated National Waste Management Strategy, adopted by the Ministry of Health and Sanitation in 2012, referred to problems in waste management identified by the United Nations Development Programme back in 2008. These problems included:

- indiscriminate disposal of waste;
- lack of disposal equipment and technologies;
- lack of data and information on the characteristics of waste and the rate at which it is generated; and
- lack of awareness and understanding on the part of the population.

A clear problem with the existing service was demonstrated by the presence of piles of waste in streets in urban areas amounting to a serious environmental health hazard.

The Ministry's strategy sets out several objectives for the management of municipal waste including:

- ensuring that local governments adequately plan for and provide efficient, environmentally acceptable solid waste management services;
- encouraging the development of waste reduction and recycling programmes;
- ensuring that solid waste is transported, stored, treated, processed and disposed of in a manner adequate to protect health and safety and the environment; and
- promoting education of the general public and training of municipal solid waste professionals to reduce the generation of solid waste, ensure its proper disposal, and to encourage recycling.

Although the strategy has been established at a national level, the task of collecting and disposing of municipal solid waste is one of the functions devolved to local government under The Local Government (Assumption of Functions) Regulation, 2004.

The audit focused on the performance of the local councils in providing solid waste collection and disposal services, in light of these overall policy objectives. The audit also considered whether local councils had sufficient capacity (personnel and equipment) to provide the services and whether the provision of the services was properly monitored.

Main Findings

Our main findings were that:

- five of the local councils covered by the audit had not developed and implemented strategies to separate waste into different types, including waste that can be recycled, before depositing it at landfill sites. This hampered efforts to introduce recycling of waste and resulted in hazardous waste having been deposited in open landfill sites;
- Bo and Makeni City Councils have launched small scale ‘waste to wealth’ initiatives to encourage local citizens to recycle waste into marketable products. However, there was no information available on the amount of waste that had been recycled;
- most councils did not provide sufficient transit skips for depositing waste, resulting in waste being dumped on streets in front of houses and outside markets. In addition, transit skips were not collected and emptied on a regular basis. A survey of residents in the four city councils found that the standard of service was considered average in Bo and Makeni and poor in Freetown and Kenema;
- there was indiscriminate and illegal disposal of waste in public places in each council area. Of the seven local councils, only Freetown City Council had enacted by-laws to prevent this, though Bo City Council had started the enactment process. The by-law enacted by Freetown City Council had not been enforced;
- the Kingtom and Grandville Brook landfills in Freetown (established in 1946 and 1986 respectively) had reached their capacity levels and were no longer suitable for the disposal of waste. Few of the landfill sites visited were properly fenced and secured to control access;
- none of the councils had sufficient vehicles and equipment for collecting and disposing of waste, however the vehicles and equipment that were available were in need of continual maintenance and repairs because of their age and the lack of spare parts;
- monitoring of municipal waste services should be carried out by local council management and also by the Ministry of Health and Sanitation. There was no evidence of active monitoring at local or national level and no report was made available.

Conclusions

From these findings we concluded that local councils have not carried out the collection, transportation, and disposal of municipal solid waste in a manner that ensures public health and safety and which protects the environment.

Recommendations

To strengthen local councils’ performance in managing the collection and disposal of municipal solid waste, we made nine separate recommendations, the main ones being:

- Local councils should develop strategies to encourage public and private organisations and individual households to separate waste and to arrange the collection and disposal of waste in a manner that facilitates recycling. This should ultimately minimise the amount of waste disposed of at landfills;
- Local councils should provide transit skips at strategic locations in all areas to prevent indiscriminate dumping and burning of waste. Transit skips should be collected and emptied on a regular basis to prevent waste overflowing onto the street, where it might pose a public health and environmental hazard;

- Local councils should enact and enforce bye-laws preventing the indiscriminate disposal of waste other than at designated collection sites;
- Local councils should take appropriate steps to ensure that they have the necessary vehicles and equipment to effectively collect and dispose of municipal waste. The use of vehicles and equipment should be monitored to try to ensure that they remain in good working order;
- MLGRD and MoHS should ensure that local councils prepare annual plans for municipal solid waste management activities and they should monitor the implementation of planned activities on a periodic basis. The Ministry's health education and sanitation officers should provide support as necessary.

4.3.2 Agricultural Mechanisation by the Ministry of Agriculture Forestry and Food Security (MAFFS)

The objective of this performance audit was to examine how efficiently and effectively the Ministry of Agriculture Forestry and Food Security (MAFFS) has been in improving food security (food affordability, accessibility and availability) through the promotion of agricultural mechanisation.

According to the Food and Agricultural Organisation, “a fundamental aspect of poverty in Sierra Leone is that food poverty and the food security situation is dire; about 1.3 million people, 26 percent of the population, are food poor and cannot afford a basic diet”.

There is an annual seasonal hunger problem between successive harvests in rural areas of Sierra Leone. This is a result of insufficient production to meet year-round subsistence needs, distress sales at harvest time to generate cash for the payment of debts, lack of diversification of farming systems, and losses in on-farm storage.

The Ministry of Agriculture Forestry and Food Security has taken initiatives to increase farmers' productivity by promoting the mechanisation of farming practices and providing technical support in areas such as planting and protecting crops from diseases.

A key element of attempts to increase mechanisation was the introduction of a scheme to provide tractors to farmers under discounted hire purchase terms. The Government acquired Sonalika brand tractors in 2010 through a USD 15 million loan from the Government of India. The Ministry was unable to provide the detailed terms of the loan agreement. The Ministry sold the tractors to farmers on a hire purchase scheme with a 40% subsidy. A Memorandum of Understanding (MOU) between the Ministry and First International Bank (FI Bank) provided for the necessary banking services to be provided by FI Bank. The payment terms for the farmers required a deposit of 20% followed by agreed annual instalments over a period of seven years, with an annual interest rate of 4%.

The audit focused on four specific issues:

- How well was the Ministry managing the hire purchase scheme?
- Were the acquired farm machineries used to improve productivity?
- Did the mechanisms put in place minimise pre and post-harvest losses?
- Did the Ministry provide adequate technical support to farmers?

The audit covered the Western Area: Rural and Urban (Freetown) and the Northern Region (Kambia, Bombali and Tonkolili). The audit focused mainly on the Northern Region because of its vast boliland and the fact that 65% (171 out of 263) of the tractors were sold to farmers in that region.

Main findings

Our main findings are set out below:

- An analysis of the hire purchase scheme payment documents maintained by the Ministry revealed an outstanding balance owed to the Ministry at 31st December 2013 of Le6,369,538,151. Over the period 2011 to 2013, only 26% of instalment payments had been collected from the farmers. The rate of default increased significantly in 2013, when only 0.4% of payments due were collected;
- The MoU required the Ministry to immediately repossess tractors from defaulting farmers upon receipt of notification from FI Bank. There was an increase in the number of defaulters over the duration of the scheme and by December 2013 the total number of continuous and new defaulters in the three districts was 99% (121 out of 122 farmers). However, there was no evidence of notification from FI Bank or re-possession by the Ministry;
- From our interviews with farmers, and observations in the field, we found that the hire purchase tractors developed serious mechanical problems in the first year. One reason for this was the failure of most farmers to clear and de-stump their land, as set out in the operations manual, before using the tractor. Other reasons advanced were the use of untrained operators and drivers, the unavailability of spare parts, and the use of tractors for other purposes;
- The provisions of the MOU required the Ministry to carry out servicing and maintenance of tractors under the scheme. The Ministry provided a mobile mechanical workshop, with trained operators, to carry out necessary servicing and repair work free of charge. However, farmers commented that they could not afford to pay for the services of the workshop, suggesting that they were being asked to pay for services that should have been provided free of charge. This may have forced many farmers to use the services of untrained and unqualified mechanics, possibly damaging the tractors;
- Spare parts were not easily accessible in local markets and the Ministry did not make any arrangements for the acquisition of spare parts from the manufacturer. Although the Ministry provided a 'starter kit' of spare parts, they were insufficient and did not last long;
- Instead of the recommended line planting of rice seed for inland valley swamps, which improves yield, most farmers were still practicing the traditional clustered planting of seed rice, which resulted in low yields;
- Poor pest control was a major cause of pre-harvest loss. Farmers had difficulty accessing plant clinics during disease outbreaks on their farms, mainly because of poor road networks and/or long distances between support centres and farms. There was also a shortage of the required chemicals and some stocks, particularly in Tonkolili district, were expired and could not be used.
- The activities of the Ministry in the 13 agricultural districts are divided into 55 blocks and 520 circles. There were insufficient personnel to deliver technical support to farmers at both the block and circle level. For example, the average number of staff posted to Bombali, Tonkolili and Kambia districts, at both block and circle level, was less than 13% of that required. As a result of this shortage of agricultural professionals, farmers found it difficult to acquire improved farming technologies and guidance on the promotion of sustainable agricultural development.
- An analysis of the status overview of Agricultural Business Centres carried out by the Smallholder Commercialisation Programme revealed that more than 50% of the centres had low activity levels and more than 10% of them were completely dormant.

Conclusions

From these findings we concluded that:

- the Ministry did not efficiently manage the hire purchase scheme;
- the acquired farm machineries were not used to improve productivity;
- the mechanisms put in place by the Ministry did not minimise 'pre' and 'post' harvest losses; and
- the Ministry did not provide adequate technical support to farmers.

Collectively, these failings in promoting mechanisation and providing necessary technical support significantly affected the ability of farmers to improve productivity.

Recommendations

In order to ensure that the objective of increased productivity is achieved, we made eight separate recommendations, the main ones being:

- The Ministry, with all concerned stakeholders, should promptly review the implementation of the hire purchase scheme, and identify and agree on support mechanisms that are workable. This should ensure that the farmers have tractors that are in good working condition, enabling them to be productive and profitable, and eventually complete their payments under the hire purchase scheme;
- The Ministry should implement better enforcement procedures for outstanding payments under the hire purchase scheme. They should establish reasonable time frames between default in payment and repossession of the tractors. This process should be clearly documented and communicated to those farmers in arrears. The Ministry should clearly reiterate their ownership of the tractors until full payment has been made;
- The Ministry should make reliable arrangements for the supply of spare parts and improve maintenance services. They should provide mechanical workshops through qualified trained mechanics at district levels. District officers should visit farmers to provide support on the efficient utilisation of tractors;
- The Ministry should recruit, train and monitor sufficient agricultural officers to cover the 13 districts. These officers should support the farmers and educate them on the methods of planting and pest management that produce the best yields;
- The Ministry should make the necessary arrangements to ensure the effective operation of the Agricultural Business Centres, including completing their construction and providing the necessary farming equipment;

CHAPTER 5

MINISTRIES, DEPARTMENTS AND AGENCIES

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5.1 MINISTRIES, DEPARTMENTS AND AGENCIES

MAIN POINTS

What we examined

Our audits of Ministries, Departments and Agencies (MDAs) are risk-based compliance audits. We focus on high risk areas. By risk we mean the likelihood of an undesirable event occurring and the potential impact should it happen, e.g. corrupt practices. For a selected function or area within an MDA, we examine, on a test basis, a sample of transactions in a given time period and form a judgement on whether applicable laws, policies and regulations have been complied with and whether the systems and practices are adequate to exercise a reasonable level of internal control over operating activities.

The areas and functions we selected for examination are those where the risk of non-compliance is high, based on past experience or the very nature of the activity. We looked at financial record keeping, physical custody of moneys and other assets including stores as well as banking procedures, including the independent verification of bank balances. Our audit objective is to determine compliance with relevant laws, regulations and policies, as well as to establish whether assets are protected and the financial records fairly reflect the financial position and the result of operations.

Why it is important

Governments should only collect revenue and make expenditure as formally authorised by an Act of Parliament. The passage of the budget into law is the expression of Parliament's intent. It is and must remain supreme. Any expenditure made for a purpose other than that intended by Parliament is contrary to law. In short, all public moneys must be fully accounted for and in a manner compliant with the laws, policies, regulations and good accounting practice.

When revenue is not recorded or banked, when moneys go missing or when procurement rules are broken or expenditures are not supported, in addition to being a breach of law, these matters erode the confidence of civil society and donors - the integrity of government and the reputation of Sierra Leone is damaged.

What we found

We estimate there has been cash losses to the public purse of **Le9,710,223,271**. As in previous years this has occurred for a number of reasons, some inter-related suggesting strongly that public financial management has much room for improvement in all MDAs. For example:

- Monies allocated to some MDAs are not accounted for at all.
- A perennial problem; payments without adequate supporting documents persists in almost all the MDAs;
- Monthly bank reconciliations are not carried out in most MDAs. This is a fundamental failure of internal control over cash and banking procedures. This control should also be undertaken by persons with no access to the physical cash or bank statements; i.e. there should be segregation of duties between those handling cash and accounting for it;
- There are significant weaknesses in the management of revenue in most, if not all of the revenue generating entities. For instance, transferring funds to NRA is subject to unnecessary delay;
- We noted many cases that withholding taxes were not being deducted from suppliers or contractors' payments;

- Several significant lapses were observed in procurement procedures resulting in incomplete transactions and hence unsatisfactory service delivery;
- Moneys intended to be managed by imprest accounts are not properly closed out or accounted for with the result that control over imprest accounts is weak and analyzing and posting expenditure accurately to ledger accounts is seriously impaired; and
- Fixed assets, stores and fuel records are not adequately recorded in applicable registers and other records.

In addition, although there has been some improvement over the years, there are still significant seemingly reluctance in making available requested documents to our audits for review. The extent to which our recommendations for improvement in controls remain unimplemented is not acceptable and many entities have failed to make adequate, if any, responses to our findings. The findings, expanded upon in greater detail below, do not inspire confidence that resources are being managed optimally with due regard for economy, efficiency or effectiveness or fully in accordance with the intent of Parliament.

5.2 MDAS – SUMMARY OF DETAILED FINDINGS AND RECOMMENDATIONS COMMON ISSUES

A number of audit issues to be reported apply to several institutions. These common issues are outlined in the paragraphs below. Table 5.1 shows to which institutions each of these issues relate and where appropriate, values are also included. It should be noted that only the most common issues are addressed here. Other audit issues are reported under the report sections relating to specific MDAs.

▪ **Procurement Irregularities**

For the procurement of goods and services, the National Public Procurement Act, 2004 establishes rules and regulations which must be adhered to for the proper execution of procurement. The ASSL observed flouting of procurement rules which amounted to **Le62,485,829,279** in 2012-2013. In most non-compliant cases, goods and services were acquired without basic documentation such as contracts, evaluation reports, minutes of bid opening meetings or evaluation meetings and other records of procurement undertaken. It was recommended that the NPPA rules be adhered to in the future. In many cases it was requested that the vote controllers submitted the relevant documents to the Auditor General within thirty days of receipt of the audit report or otherwise the funds expended were to be recovered.

▪ **Payments Without Supporting Documents**

Section 73(1) of the Financial Management and Regulation (FMR) 2007 states that all disbursements of public money should be supported by an appropriate payment voucher and other relevant documents. Supporting documents for payments made by MDAs, totalled **Le4,203,467,082** were not presented for audit inspection during 2013. As these documents were not made available, there is a risk that these payments were for goods or services that were not actually delivered to the respective institutions. In addition, it was impossible to conclude whether these payments had followed the proper procedures as laid down in law. It was recommended that all supporting documents in relation to these transactions should be submitted to the ASSL for inspection. In future, ALL supporting documents must be attached to PVs and retained for audit purposes.

- **Payments Without Adequate Supporting Documents**

Other disbursements totalled **Le5,143,970,125** were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation as well as the payment voucher. It was therefore recommended that the institutions concerned should submit the relevant supporting documents to the ASSL. In future ALL supporting documents should be retained and made available for audit inspection.

- **Imprests Without Retirement Details**

Section 87(1) of the FMR 2007 states: “The officer holding an imprest shall, when recouping an imprest, submit to the Accountant General a properly completed payment voucher, supported by individual vouchers and receipts and a covering schedule summarising and allocating the individual transactions.”

On the contrary, the sum of **Le3,962,326,202** was used as imprest for activities undertaken by various institutions for which retirement details were not available for inspection. It was therefore recommended that the institutions concerned should submit retirement details to the ASSL.

- **Withholding Taxes not Deducted And Paid to the NRA**

During the audit of MDAs in 2013, it was identified that withholding taxes totalled **Le939,681,811** were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act 2000. All heads of MDAs should ensure that withholding tax is deducted properly and paid to NRA. The amounts identified during the audits should be recovered and paid to NRA. Evidence of payment should be forwarded to the ASSL for verification, and the Commissioner of Income Tax should take the necessary action. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue and ultimately, reduces the level and quality of public service received by citizens.

- **Store Items not Taken on Ledger Charge**

Various store items were not recorded in the store ledger in various institutions, to show how those items were distributed and who the beneficiaries were. It was recommended that the institutions involved should ensure that the officer(s)-in-charge of the distribution of those items must provide evidence of the distribution and take them on ledger charge within thirty (30) days of the receipt of the report.

- **Monthly Bank Reconciliations not Prepared**

A number of MDAs audited did not perform monthly bank reconciliations during the period subject to audit. Inadequate control over cash is a common issue across the Sierra Leonean public sector. It is critical that institutions properly reconcile the statements received regularly from commercial banks and cashbook records maintained within the institution. This ensures that accounting entries recorded in the cashbook represent all transactions carried out and that amounts recorded are correct. Failure to reconcile the bank accounts in such a way raises question not only on the cash balance recorded in the cashbook, but also on revenue and expenditure items reported.

It is critical that ALL MDAs perform bank reconciliations shortly after the end of each month. All differences should be fully investigated and the appropriate corrections made to the cashbook.

Reconciliations should be performed by a finance officer and signed as reviewed by a senior finance officer.

- **Mismanagement of Fixed Assets**

A number of MDAs audited did not maintain fixed assets registers. This contravenes section 231(1) of the FMR 2007. Failure to maintain a fixed assets register makes it virtually impossible to maintain adequate control over assets held. Fixed assets registers should be introduced immediately and vote controllers must ensure that the location and state of all assets are checked on a regular basis, evidence of which must be documented. Some MDAs maintained fixed assets registers that were not fully up to date. Verification of assets carried out during some audits identified that some assets acquired were not properly included in the registers and some were not coded/labeled for easy identification. This means that assets may have been misappropriated. Vote controllers must ensure that all fixed assets registers are updated on a regular basis and include all assets purchased and disposed of. Assets should also be coded so that they are easily identified as properties of the institutions.

- **No Internal Audit Unit**

A number of MDAs do not have any internal audit function. Internal audit function helps to ensure that financial and operational controls are operating as intended within the organisation. It gives stakeholders assurance that management is implementing appropriate control mechanisms and that these mechanisms are being complied with. It was recommended that the vote controllers should ensure that internal audit units are established with immediate effect and that these units begin operations as soon as is practicable.

Table No. 5.1- MDA's Common Issues

MDA	Procurement irregularities (Le)	Payments without SD (Le)	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	Items not recorded in the Stores Ledger	No Bank Reconciliation done	Mismanagement of Fixed Assets	No IA Unit
Ministry Of Finance And Economic Development (2013)	15,700,000	25,000,000 23,000,000 5,227,200 (\$1200)	696,000,000 231,600,000						
Ministry Of Education Science & Technology HQ (2013)		1,073,689,500	130,601,009		21,011,251	✓			
Ministry Of Education Science & Technology – Moyamba District (2013)						✓			
Ministry Of Education Science & Technology – Kono (2013)		29,351,000,						✓	✓
Ministry Of Education Science And Technology –Kailahun (2013)		122,333,000			6,605,634		✓		✓
Ministry Of Education, Science And Technology Kambia District(2013)		6,494,000							
Ministry Of Agriculture Forestry And Food Security HQ (2013)	189,000,000 95,020,780 15,246,000 (\$ 3,500)	185,333,000	626,142,000		9,000,000				
Ministry Of Agriculture Forestry And Food Security, Kambia (2013)		22,170,000							
Ministry Of Agriculture, Forestry And Food Security-Koinadugu District (2013)			110,260,000						
Ministry Of Agriculture Port Loko (2013)			23, 300,000						
Ministry Of Health & Sanitation (2013)	1,265,457,000		380,754,010		6,936,532				
King Harman Road Hospital (2012)			18,125,000		1,781,950	✓			
Ola During Children's Hospital (2013)			13, 340,000						
District Health Medical Team-Kailahun (2013)		87,099,500			4,099,475		✓		✓
Bal. b/d	1,580,423,780	1,638,143,200	2,503,122,019		49,434,842				

Table No. 5.1- MDA's Common Issues

MDA	Procurement irregularities (Le)	Payments without SD (Le)	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	Items not recorded in the Stores Ledger	No Bank Reconciliation done	Mismanagement of Fixed Assets	No IA Unit
Bal. c/d	1,580,423,780	1,638,143,200	2,503,122,019		49,434,842				
District Medical Health Team – Kono (2013)		412,506,381 31,363,200 (\$7,200)						✓	✓
Government Hospital- Kailahun (2013)									✓
Government Hospital – Kono (2013)								✓	✓
Government Hospital Port Loko District (2013)		16,500,000							
District Medical Office –Bonthe District (2013)		389,716,674			2,371,900		✓		
UBC Hospital –Matru Jong - Bonthe (2013)						✓			
Primary Health Care Koinadugu District (2013)		9,675,000							
Kabala Government Hospital (2013)		1,200,000				✓			
Rokupa Govt Hospital (2013)			14,700,000		1,112,500		✓		
Ministry Of Mines And Mineral Resources (2013)			105,668,340					✓	
Ministry Of Mines And Mineral Resources, Northern Region (January – August 2013)								✓	
Ministry Of Defence HQ (2013)	6,580,302,914 7,631,616,168 (\$1,751,978)	1,572,024,163 16,040,000			16,508,950				✓
Bal. b/d	15,807,042,862	4,087,168,618	2,623,490,359		69,248,192				

Table No. 5.1- MDA's Common Issues

MDA	Procurement irregularities (Le)	Payments without SD (Le)	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	Items not recorded in the Stores Ledger	No Bank Reconciliation done	Mismanagement of Fixed Assets	No IA Unit
Bal. c/d	15,807,042,862	4,087,168,618	2,623,490,359		69,248,192				
Peace Keeping Mission (2013)	4,514,012,000 26,695,266,840 (\$6,128,390)		1,367,770						
Ministry Of Defence- (Forward Operating Base)- Bonthé (2013)		5,900,000				✓			✓
Ministry Of Defence, Koinadugu District (2013)				10,350,232					
Ministry Of Defence, Bombali District (2013)				15,000,000	9,867,750				
Ministry Of Political And Public Affairs (2012 – 2013)			167,473,683						
Sierra Leone High Commission- The Gambia (2007 – 2013)						✓	✓	✓	
Sierra Leone High Commission Nigeria-Abuja (2013)	14,971,572 (\$ 3,437)	110,398,464 (\$25, 344)		16,605,072 (\$3,812)				✓	
Ministry Of Works Housing & Infrastructure (2012-2013)	344,914,056		369,129,068		2,324,000				
Ministry of Energy (2012-2013)	1,609,840,000 8,712,000 (\$2,000)		499,245,068	3,815,000,000				✓	
Ministry Of Transport & Aviation (2011-2013)	3,581,085,663 387,005,000 7,001,991,216 (\$ 1,607,436)				38,262,844				
Ministry Of Youth Employment And Sport (2011 – 2013)	2,286,843,170		1,171,203,000	53,129,390					
Bal b/d	62,251,684,379	4,203,467,082	4,861,908,948	3,910,084,694	119,702,786				

Table No. 5.1- MDA's Common Issues

MDA	Procurement irregularities (Le)	Payments without SD (Le)	Payments without adequate SD (Le)	Unretired imprest (Le)	Withholding taxes not deducted and /or paid to the NRA (Le)	Items not recorded in the Stores Ledger	No Bank Reconciliation done	Mismanagement of Fixed Assets	No IA Unit
Bal c/d	62,251,684,379	4,203,467,082	4,861,908,948	3,910,084,694	119,702,786				
Provincial Secretary's Office North (2013)								✓	
Office Of The President (2013)				52,241,508 (\$11,993)	67,857,768 (\$ 15,578)				
Vice President's Office (2013)						✓		✓	
Office Of The Chief Of Staff (2013)			277, 061,177		436,307,461				
Office Of The Chief Of Staff (2011-2012)					294,963,496				
Sierra Leone Police – North West (2013)			5,000,000						
Cabinet Secretariat (2013)	234,144,900							✓	
The Judiciary (2013)						✓			✓
Meteorological Department (2013)					20,850,300			✓	
TOTAL	62,485,829,279	4,203,467,082	5,143,970,125	3,962,326,202	939,681,811				

5.3 MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT (2013)

Fuel Given To Staff Below Grade Seven

According to the fuel policy, staff on Grade seven or above are entitled to fuel allocation. It was however observed that staff below that grade received fuel allocation to the value of Le64,000,000 for the period under review. It was therefore recommended that the Vote Controller must investigate the reason for the unauthorised allocation of fuel and request a refund of the monetary equivalent of the unauthorised benefit. He must also ensure that only eligible staff should benefit from that allocation.

Official's Response

The Principal Deputy Financial Secretary said that the observation was noted and would be strictly adhered to in the future.

Auditor's Comment:

The response was well noted. However, the issue remains unsettled.
Refer to the Table Of Common Issues (Page 86) for further observations.

5.4 MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY (2013)

Procurement Procedures Not Followed

Procurement procedures were not followed as the annual procurement plan of the ministry revealed that National Competitive Bidding and International Competitive Bidding methods were to be used to procure the following items: diets to government boarding schools; teaching and learning materials; and text books. These processes were planned to start in October 2012 and completed in June 2013 respectively. It was however revealed that the ministry adopted a restricted bidding method approved by the National Public Procurement Authority (NPPA) for no objection on the basis of urgency of time. It took more than six months from the inception of the process to the award of the contracts and the signing of the contract agreement for the supply of diets. It took more than eight months from the commencement of the process to the signing of the contract agreements for the supply of text books and the teaching and learning materials. This further showed that the ministry had sufficient time to have followed the required procurement processes. The audit team further observed that the contractor had already supplied diets to government boarding schools for five months during the 2013/14 academic year before the signing of the contract agreement between the ministry and the contractor on the 21st January 2014. It was recommended that the Permanent Secretary (PS) should provide the relevant documents that would explain why the procurement process took more than eight months to be completed, and by extension, the NPPA should explain why "no objection" on the "restricted bidding" should be given for a process that took more than eight months to be executed.

Official's Response

The PS said that management took those measures because of the administrative gap found at the time of his postings to the ministry in July, 2013 and particularly so looking at the critical nature of providing food, textbooks, teaching and learning materials for schools countrywide at the material time. He said that in as much as due diligence was observed in the procurement process, the administration will comply with recommendations contained in the draft management letter and will always ensure value for money.

Auditor's Comment:

The ministry's response is noted. However, the issue remains unchanged.

Non Submission Of Expenditure Returns For Grants Transferred To Various Institutions

Expenditure returns were not made available for audit inspection for grants transferred to various institutions which amounted to Le1,656,649,168. It was recommended that the PS should ensure that the relevant expenditure returns were submitted within thirty days of the receipt of the report; otherwise, the amount in question should be recovered from the various institutions and paid into the CRF, and evidence of payment forwarded to ASSL for verification.

Official's Response

The PS stated that returns for over 90% of subvented institutions had been received, and efforts were still underway to get the few that were still outstanding.

Auditor's Comment:

The response of the Ministry was noted. However, none of the returns was submitted for verification. Therefore the issue remains unchanged.

Grants-In-Aid Awardees Without Student Identification Numbers

118 awardees from different institutions were without student identification numbers. It was recommended that the PS should submit justifiable evidence for the awards to beneficiaries without student identification numbers; otherwise the whole money should be paid back into the CRF, and evidence forwarded to the ASSL.

Official's Response

The PS stated that the ministry was not responsible for issuing identity cards to students. The institution into which they were enrolled issued them identity cards. He said that claims always emanate from the institutions and were made in respect of students who had been awarded grant-in-aid and enrolled in those institutions. Those students without ID numbers were no indication of being illegitimate but could be a sign of being in dire need as they were unable to matriculate at the time in question to get the ID numbers, the PS mentioned. He further said that various colleges could be in the best position to give the ID numbers and since the claims were originated by the colleges and payments made directly to the institutions, they could best provide a response and possibly the number of the students in question.

Auditor's Comment:

The students in question were in year two and above. Therefore they ought to have identification numbers. Only fresh students in year one may be without identification numbers. The issue therefore remains unchanged.

Application Forms And Interview Report I.R.O. International Grants-In-Aid Not Made Available

Despite several requests made, application forms for the award of international grants-in-aid and the interview reports were not made available for audit verification. It was recommended that the PS ensured that the application forms were submitted within thirty days from the date of receipt of the report.

Official's Response

The PS said that interviews were conducted by a panel recommended by the ministry and approved by the cabinet adding that recommendations were made to the minister who approved and awarded scholarships. He stated that files that were not in circulation at the time of the audit were later made available and that it was equally important to note that application forms in respect of international Grant-in-Aid were not under the control of the ministry but the awarding body.

Auditor's Comment:

The files were not made available. Therefore, the issue remains unchanged.

Progress Report For Overseas Awards Not Available For Audit Inspection

Le692,211,168 was paid by the MEST to various institutions overseas for eighty seven students on the grant-in-aid scheme, however, there were no progress reports from their institutions. It was recommended that the PS ensured that the students in question submitted their progress reports within thirty days from the date of receipt of the report; otherwise, the whole amount should be refunded; and in future, no payment should be made to overseas students who failed to submit progress reports.

Official's Response

The PS stated that a list of the payment of students' overseas allowances is usually prepared by Sierra Leone's embassies or students union in the country in which they are studying. He added that payments were also made through the embassies and adverts for all awards sent to newspapers and the copies normally attached to PET forms for payments. He mentioned that the newspaper copies were not available in the ministry, but could be traced at the Accountant General's Department. He further mentioned that the attendance register was made available to the audit team during their period of inspection and results were also made available to the team.

Auditor's Comment:

Progress reports for China, Morocco and Turkey were submitted and verified. However, those for Russia were not submitted. Therefore that portion of the finding still stands.

Other Grants-in-Aid Documents not Made Available for Audit Inspection

The following additional information was not made available for audit inspection:

- Policy guideline;
- Copies of advertisement;
- Attendance list of interviewee for both local and international awards;
- List/register of institutions; and
- Statement of claim for Institute of Public Administration and Management (IPAM) and Medicine and Allied Health Sciences (COMAHS)

Official's Response

The PS stated that most of the information requested were provided during the audit inspection period and copies were available in the ministry's file. He said as regards statement of claims for IPAM and COMAHS, these documents originated from the institutions themselves and not the ministry. He added that progress report for all international avardees was normally sent to the respective embassies overseas while progress report in respect of Fourah Bay College was available in our files.

Auditor's Comment:

Statement of claims for IPAM and the COMAHS; attendance list of interviewee for both local and international awards and progress reports for Russia were still not available for inspection.

Items Issued From Store Without Authority

Items worth Le93,770,000 were issued out of stores without the authority of the PS. It was recommended that the storekeeper should explain within thirty days of receipt of the report, why those items were issued from the stores without the approval of the PS.

Official's Response

The PS said they had taken note of the query and was now working out modalities to ensure that in future all stores items issued out must first seek his approval.

Auditor's Comment:

Satisfactory explanation was not given for the non approval of the items issued out of stores. Therefore the issue is still outstanding.

Salaries Paid To Over Aged Staff Of The Ministry

It was observed that some members of staff who had retired received salaries for three months and above. It was recommended that the PS informed the Human Resources Management Office about staff changes which must be reflected on the payroll within thirty days from receipt of the report. Failure to take necessary action would require the department to make full refund and evidence of action taken must be forwarded to ASSL for verification.

Official's Response

The PS mentioned that the names of retirees were sent to the Human Resource Management's Office for deletion on a daily basis and were followed-up to ensure that such names were deleted from the payroll.

Auditor's Comment:

Documents that would justify the response given was not submitted, hence the issue still stands.

Staff without NASSIT Identification Numbers

It was also observed that eight members of staff were without NASSIT identification numbers. It was recommended that the PS should ensure that the names of those members of staff were forwarded to NASSIT for registration.

Official's Response

The PS stated that every staff of the ministry had a NASSIT number as was evidenced on the payroll. He said that they had also ensured that copies of NASSIT identification cards were maintained in staff files for record purposes.

Auditor's Comment:

Documentary evidence was not submitted to confirm the ministry's response, hence the issue still stands.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.5 MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY – MOYAMBA DISTRICT (2013)

Inadequate and irrelevant supply of Teaching and Learning Materials to the Ministry

There was no evidence to ascertain that teaching and learning materials were supplied to selected schools in selected chiefdoms in the district. In an interview with key personnel responsible for the administration of the Ministry, it was noted that teaching and learning materials supplied to the district were inadequate and therefore could not be distributed to all schools. In the absence of schools needs assessment for teaching and learning materials, it was observed that the teaching and learning materials that were not needed by schools in the district were supplied to the Ministry for distribution to schools. These items were still in possession of the Ministry as at the time of writing this report. It was recommended that a proper needs assessment should be carried out by the Ministry and local council before the purchase and supply of teaching and learning materials to schools in the district. The Ministry should also submit an explanation to the ASSL for the inadequate and irrelevant supply of teaching and learning materials to the District Education Store.

Inaccessible Terrain And Lack Of Transportation For Distribution

In an interview with key personnel of the Ministry, it was noted that the geographical location of some schools made it difficult for the Ministry to distribute teaching and learning materials. In addition, there was no official vehicle in the Ministry to assist in the distribution of teaching and learning materials. In an interview with selected heads of schools or their representatives in the district, it was revealed that heads of schools had to travel down to the MEST office in Moyamba Town to collect their supplies. It was recommended that the Ministry organized an appropriate and a more conducive means of transportation for the distribution of teaching and learning materials in the district, to ensure the timely access of educational facilities by schools in the district.

No Evidence of Supervision by the Inspectorate Division

There was no evidence, in the form of supervision reports, to show that schools and other educational institutions in the district were being supervised by the Inspectorate Division of the Ministry. In an interview with heads of selected schools and other educational institutions, it was revealed that they had never received supervision reports from the inspectorate division of the ministry after their visits.

General Weaknesses In The Management Of The Ministry

The number of inspectors in Moyamba district was very inadequate to cover the fourteen chiefdoms. Some of the inspectors and supervisors were teachers who received salary from their schools. There was no evidence to confirm that the internal audit unit at the Ministry's headquarters in Freetown and the Council had been visited by the Ministry during the period under review. It was recommended that the Deputy Director and PS in the Ministry of Education should ensure that adequate supervisors were assigned to the Ministry and that internal audit work was evident.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.6 MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY – KONO (2013)

Inadequate Control Of The Management And Distribution Of Educational Materials

It was observed that 40,496 units of assorted educational materials received by the ministry were not taken on ledger charge. 40,282 units of assorted educational materials issued from the store were not

recorded; neither were store issue vouchers prepared. The quantity & specification of reference books & furniture valued at Le140,162,600 received during the period were not taken on ledger charge and had no delivery note. The MEST, Kono, was without an appropriate store for the storage of educational and other materials as items were stored in two (2) twenty-foot shipping containers. It was recommended that the Deputy Director should ensure that all items received and issued were brought on charge in the stores ledger on a timely basis, with the relevant supporting documents. In addition, all educational items and other materials should be kept in an appropriate storage facility with adequate ventilation.

Action Not Taken To Address Issues Raised In The School Inspection Report

A review of schools inspection reports revealed that out of 21, 7, and 8 schools visited in Nimikoro, Gorama and Gbane chiefdoms, 35%, 27% and 40% of teachers were unqualified respectively. Out of a total number of 7 schools visited in Sandor chiefdom, 56% of the teachers were unpaid and out of 4,102 students from 17 schools visited, 740 students dropped out of the school system. It was also noted that there were neither plans, nor remedial/appropriate actions taken to address issues raised in the report. It was recommended that the Deputy Director in collaboration with Kono District Council and Koidu New Sembehun City Council ensured that appropriate/remedial actions were taken to address issues raised in the schools inspection reports.

Unpresented documents

The following accountable documents were not made available for audit inspection:

- Strategic plan;
- Accountable documents register;
- Vote service ledger/cashbook;
- Staff personal file;
- Staff movement reports;
- Vehicle log book/operating record; and
- Store issue vouchers

It was recommended that the Deputy Director should ensure that a systematic filing system was established for the safe custody of all accountable documents; and the above documents must be forwarded to ASSL for verification within thirty (30) days of the receipt of the report; otherwise Section 18 of the Audit Service Act, 1998 would be invoked.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.7 MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY –KAILAHUN (2013) Inadequate Control Of The Distribution And Usage Of Fuel

There were no fuel usage reports, register and chits to justify the utilisation of fuel which amounted to Le5,404,500. It was recommended that the Deputy Director should ensure that records for the utilisation of Le5,404,500 were forwarded to the ASSL within thirty (30) days of the receipt of the report, or the full amount refunded there and then.

Inadequate Control Over The Management Of Stores

691,929 units of text books were received by the stores department without being taken on charge in the store card or allocated stores ledger. 689,708 units of text books were also not accounted for by

the stores department and there was no evidence to show how the books were issued. The store was too small with no air conditioner and lacked adequate ventilation. It was recommended that the Deputy Director produced evidence to show the distribution of 689,708 units of books to ASSL within thirty (30) days of receipt of the report. In addition, all items issued from stores should be authorised and recorded on Store Issue Vouchers. The present condition of the store should be improved to meet health and safety standards.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.8 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY KAMBIA DISTRICT (2013)

Inadequate Controls Over The Management And Distribution Of Fuel

The controls over the management and distribution of fuel were not adequate and appropriate as there were no request forms, fuel chits and register to substantiate how the sum of Le38,081,200 was utilised on fuel for the period under review. It was recommended that the Deputy Director should within thirty (30) days of the receipt of the report provide documentary evidence for the utilisation of Le38,081,200 to the ASSL; otherwise, the whole amount should be refunded. In future, all fuel allocations made to the Ministry should be properly accounted for.

Official's Response

The Deputy Director stated in his response that the Le19,920,000 worth of fuel was procured for the office and served for a very long period. He said that they started using this fuel since September 10th, 2013 and got finished on the 17th December, 2013. He stated that the receipt books were available to justify the claim. In respect of the lubricant oil, he said that the amount was Le864,000 (20 gallons for office generators and the vehicles) and the supplier was Rocky Enterprise. He mentioned that it was used from 8th February, 2014 to the 10th March, 2014. The receipts, he said were also available. The payment of Le14,440,000 (704 gallons) that was made for fuel for two generators was utilised judiciously and was supplied on the 18th December, 2013, he added. He said that was utilised between the 18th December, 2013 and 14th February, 2014.

Auditor's Comment:

Records were made available and verified for the sum of Le9,121,200. However, the fuel records for the remaining Le28,960,000 could still not be made available.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.9 MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY – BONTHE DISTRICT (2013)

Inaccessible Terrain And Lack Of Transportation For Distribution

In an interview with key personnel of the Ministry, it was noted that the geographical location of some schools made it difficult for the Ministry to distribute teaching and learning materials. In addition, there was no official vehicle in the Ministry to assist in the distribution of teaching and learning materials. In an interview with selected heads of schools or their representatives in the district, it was revealed that heads of schools had to travel down to the MEST office in Mattru Jong to collect their supplies. It was recommended that the Ministry organized an appropriate and a more conducive means of transportation for the distribution of teaching and learning materials in the district, to ensure the timely access of educational facilities by schools in the district.

Inadequate Schools in the District

An assessment of the establishment of schools in the District revealed that:

- Only four communities were operating nursery schools in the entire district;
- Most of the Junior Secondary Schools operating in the district were yet to be approved by the Ministry of Education Science and Technology;
- Retention and completion rate of Senior Secondary Schools for girls were assessed to be very poor;
- There were eight Senior Secondary Schools in the whole district and most of them were concentrated in the mining areas and the municipality;
- Most of the Skilled Training Centres in the districts visited {Luawa, Ngombohun, Tihun, Sogbaleh, Mattru and Impere} were no longer functioning as a result of lack of support from the Councils, Central Government or NGOs; and
- Four (4) Chiefdoms {Dema, Sittia, Kwamebai Krim and Benducha} had never attempted the National Primary School Examinations as trained and qualified teachers did not go to those chiefdoms due to the geographical locations.

It was therefore recommended that the Deputy Director of Education and PS in the MEST should ensure that those challenges were immediately addressed to ensure that people in the Bonthe District equally benefited from all educational facilities provided by government through the Ministry.

4.3.3 MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY -HQ(2013) FORESTRY DIVISION

Inadequate Control Over the Processing of Transactions

Payments for export fees which totalled Le2,747,759,510 were collected by NRA. It was however difficult for the audit team to determine the 10% reforestation/assessment fee of Le274,775,951 that should have been paid by exporters. There were gross typographical errors in the entries made on the cadastre with regard to reforestation/assessment fees. In addition, receipts issued by the forestry division in respect of assessment fees and the conservation trust bank statements were not submitted for audit inspection. There was also no evidence of any reconciliation between the NRA and the forestry division of the Ministry of Agriculture, as such the NRA cash book recorded Le2,747,759,510 as revenue received in respect of export fees, whilst the cadastre at the Ministry of Agriculture showed the sum of Le2,045,444,590. It was recommended that the Director of Forestry should ensure that a comprehensive report of assessment fees collected; receipt and conservation trust bank accounts were submitted within thirty days of the receipt of the report; otherwise, the entire amount should be refunded and the paying-in-slip forwarded to ASSL for verification. The Chief Accountant of the Ministry should also spearhead the process of ensuring that regular reconciliation was carried out between the Ministry and the NRA.

Official's Response

The PS noted that the report of assessment fees collected, receipt, and conservation trust bank accounts statement were available for verification. Regarding reconciliation between the NRA and the forestry division the PS stated that a letter had been written to the Commissioner General, National Revenue Authority (NRA) to assist the Ministry in reconciling revenue collection for FY 2013 with the authority.

Auditor's Comment:

A comprehensive report of assessment fees collected, receipts and conservation trust bank accounts were not submitted for verification. The letter written to the Commissioner General, NRA, for reconciliation to be done between the Ministry and NRA was submitted for verification. However, evidence of reconciliation was not submitted. Therefore the issue remains unresolved.

No Reconciliation Between The NRA And The Forestry Division Of The Ministry

There was no evidence of reconciliation between NRA and the Forestry Division of the Ministry, as such the NRA cash book recorded Le2,747,759,510 as revenue received in respect of export fees, whilst the cadastre at the Ministry of Agriculture showed the sum of Le2,045,444,590. It was recommended that the Chief Accountant should spearhead the process of ensuring that regular reconciliation was carried out between the Ministry and the NRA.

Official's Response

The PS stated that a letter had been written to the Commissioner General of NRA to assist the Ministry in reconciling revenue collection for FY 2013 with the Authority.

Auditor's Comment:

The letter written to the Commissioner -General was verified. Evidence of reconciliation was however not submitted. Therefore the issue remains unresolved.

Assessment Fees Not Paid

An assessment for the export of two hundred containers of timber/logs was done. Evidence to show that the required payment of \$40,000 as assessment fee to have been paid, was not available. It was recommended that the PS should take necessary steps to ensure that the amount in question was recovered and paid to the CRF within thirty days of the receipt of the report and forward the paying-in-slip to ASSL for verification.

Official's Response

The PS mentioned that correspondence relating to the export of the 200 containers of timber to the Ministry of Trade and Industry (MTI) indicating the necessary procedures for export, were available for verification.

Auditor's Comment:

The assessment fee of \$40,000 had not been recovered. The issue therefore remains unresolved.

Assessment Records Not Maintained

The Forestry Unit did not maintain records of assessment done for the export of timber produce. It

was recommended that with immediate effect, the Director of Forestry Should ensure that a register was maintained to record all assessments undertaken by the division.

Official's Response

The PS noted that records of assessment done for the period under review were available for verification.

Auditor's Comment:

There was no evidence to suggest that assessment records for the export of timber were maintained. Therefore, the issue remains unresolved.

Export Clearance

The forestry unit did not provide any documentary evidence, for exporters to show that such exporters had paid the assessment /reforestation fees. It was recommended that with immediate effect, the Director of Forestry should ensure that a certificate showing that reforestation fees had been paid by exporters, be issued to them.

Official's Response

The PS stated that the recommendation was noted and that in future, the Ministry will issue an export clearance certificate to show that payment of assessment fees had been made.

Auditor's Comment:

There was no evidence to confirm that an export clearance system had been put in place. Therefore, the issue remains unresolved.

Returns from Provincial Offices Not Submitted

Returns from forestry staff in the provinces were not made available, as such we could not determine the amount of revenue collected by those staff. It was recommended that the Director of Forestry should ensure that the documents were submitted within thirty days of the receipt of the report.

Official's Response

The PS stated that returns from various districts were available for verification.

Auditor's Comment:

Some returns from provincial offices were made available Bank statements and paying-in-slips to confirm payment to bank were however not submitted for verification. The issue therefore remains unresolved.

Bank statements for Bus Services Not Submitted

Bank statements in respect of bus services were provided for only six months (Jan-June 2013). As such we were unable to confirm whether the sum of Le 56,425,000 recorded in the cash book were paid into bank. The bank statements submitted showed a total amount of Le 19,600,000. It was recommended that the Transport Officer should ensure that the bank statements for the remaining period were provided within thirty days of the receipt of the report.

Official's Response

The PS said that the bank statement was available for verification.

Auditor's Comment:

The bus service bank statement for the period July to December 2013, to confirm the payment of Le 56,425,000 to bank was not submitted for verification. Therefore, the issue remains unresolved.

Documents Not Submitted for Audit Inspection

Despite several requests, no document was submitted in respect of the Tractor Higher Purchase Scheme for audit inspection, contrary to Section 18(1) of the Audit Service Act 1998. It was recommended that the PS should ensure that the required documents in respect of the scheme were submitted within thirty days of the receipt of this report; otherwise, the matter will be referred to the Anti-Corruption Commission for necessary action.

Official's Response

The PS stated that supporting documents were available for verification.

Auditor's Comment

Supporting documents in respect of withdrawals made on 17th July 2013 and 10th December, 2013 which amounted to Le42,725,000 and Le129,000,000 respectively were not submitted for verification.

A verification of the loan repayment register submitted by the ministry revealed that since the inception of the Tractor Hire Purchase Scheme in 2010, Le 3,527,053,944 should have been recovered from debtors as at 31st December, 2013. Only Le2,247,591,285 was however recovered, thereby leaving an outstanding balance of Le 1,279,426,659. In the same vein, a revised payment plan between the ministry and the debtors had not been devised to help ameliorate the situation. The issue therefore is unresolved.

Bank Statements Not Submitted By The Ministry

Despite written requests for a list of bank accounts maintained by the Ministry, and also their respective Bank Statements, such requests proved futile as the list of bank accounts as well as bank statements operated by the Ministry were not submitted. It was recommended that the PS should ensure that the list of all Bank Accounts maintained by the Ministry and the required Bank Statements must be provided within thirty days of the receipt of this report; otherwise, Section 36(1) of the Audit Service Act will be enforced.

Official's Response

The PS maintained that a list of bank accounts and their respective bank statements were available for verification.

Auditor's Comment:

The list of all bank accounts maintained by the ministry and their respective bank statements were still not submitted for verification.

Salaries Paid to Staff

Backlog salaries which amounted to Le 317,590,000 were paid to staff of the project for January-November 2013 for which statutory deductions were not made from individual employees' salaries and paid over to NASSIT and NRA. It was recommended that with immediate effect, the project coordinator should ensure that the statutory deductions of income taxes and NASSIT contributions were effected and evidence of payment forwarded to ASSL for verification within thirty days of the receipt of the report.

Official's Response

The PS stated that evidence of statutory deductions and payment made to the relevant authorities was available for verification.

Auditor's Comment:

Receipts in respect of statutory deductions paid to NASSIT and NRA were not submitted for verification.

Repairs and Maintenance

Repairs which amounted to Le7,000,000 and Le5,000,000 were made to vehicles numbered AED 904 and AJD 830 respectively for which receipts and SLRTA test certificates were not produced for audit inspection. It was recommended that the project coordinator should ensure that the relevant documents were submitted within thirty days of the receipt of this report. Otherwise, he should refund the Le12,000,000 into the CRF, and the paying-in-slip forwarded to ASSL for verification.

Official's Response

The PS in his response said that relevant supporting documents were available for verification.

Auditor's Comment

Receipts and SLRTA test certificates were not submitted for verification.

Outstanding Issues From Previous Audit Inspection

The following issues were still outstanding from the previous audit inspection.

- Tractor hire purchase scheme was being managed by the First International Bank without any binding contract between the ministry and the bank. The initial contract agreement between the ministry and the bank expired since 31st December 2010 and up to date, it has not been renewed;
- An outdated tariff was used by the Crops Division for the assessment of consignments;
- No regular inspection of the mechanical stores was carried out either by the vote controller or his representative;
- In spite of previous reports, leakages were observed in some of the warehouses which had caused a lot of damages to some stores items;
- Electricity supply to the mechanical stores continued to be a challenge especially at night; considering the fact that valuable properties costing millions of Leones were kept in the various warehouses; and
- Even though several recommendations had been made over the years for a complete overhaul of the drainage system in the Ministry's mechanical stores, it was observed that the drainage system was in complete shambles.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.10 MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY, KAMBIA DISTRICT (2013)

Revenue Not Brought To Account

A comparison between the receipt books used in the collection of revenue by the Forestry Division and the bank pay-in-slips revealed that the sum of Le 15,347,000 was not brought to account. It was recommended that the District Agricultural Officer(DAO) should ensure that the amount was

immediately recovered and paid into the Forestry Account and evidence of payment forwarded to the ASSL for verification within thirty (30) days of the receipt of the report. In future, the DAO should ensure that revenue generated by the Forestry Division is promptly paid into the Ministry's Account.

Official's Response

The DAO stated that the MAFFS Kambia Office building was under a project rehabilitation in 2013 and that caused the damage/destruction of some of the important documents which included the paying-in-slips. He mentioned that the damaged documents had been found.

Auditor's Comment:

Le4,997,000 still remains as revenue from forestry division not banked and accounted for.

Yearly Payments For Tractors Loaned To Farmers Not Recovered

Yearly payments of Le275,061,229, in respect of tractors which were given to farmers on a higher purchase, had still not been recovered for 2011 and 2012. It was recommended that the DAO should ensure that the amount involved was recovered within thirty days of the receipt of the report.

Official's Response:

The DAO said that the yearly payment of Le 275,061,229, was in respect the hire purchase tractors scheme. It is a scheme which was under the direct supervision of the First International Bank (SL) Ltd. who signed contract directly with the beneficiary farmers that was witnessed by the National Farmers Federation of Sierra Leone (NaFFSL) and the Ministry of Agriculture, Forestry and Food Security headquarters at Youyi Building Freetown. He added that it was not the responsibility of the district to account for the said tractors.

Auditor's Comment:

Le275,061,229 still remains unrecovered from the farmers.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.11 MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY, KOINADUGU DISTRICT (2013)

Revenue Not Brought To Account

The sum of Le 29,400,000 in respect of 210 bags of fertilisers, which were sold by the Ministry was not brought to account. It was recommended that the District Agricultural Officer (DAO) should ensure that the amount was immediately recovered and paid into the Ministry's account and evidence of payment forwarded to the ASSL for verification within thirty days of the receipt of the report.

Fixed Assets Procured Not Seen For Physical Verification

Three (3) XL motorbikes which were procured for the Ministry by the Koinadugu District Council on 3rd November, 2013 for Le 74,955,000 were not seen for physical verification.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.12 MINISTRY OF AGRICULTURE FORESTRY AND FOOD SECURITY PORT LOKO DISTRICT (2013)

Revenue Not Banked and Accounted For

Forestry revenue, in the form of charcoal and timber production, totaling Le5,450,000, was neither banked nor supporting documents produced for its use. It was recommended that the DAO of the Ministry should ensure that the supporting documents in respect of the Le5,450,000 should be forwarded to the ASSL for verification within thirty days of the receipt of the report, otherwise the whole amount should be refunded. In future, all revenue received by the Ministry should be banked intact before use.

Bushels of Seed Rice Not Accounted for

171 bushels of rice were seen in delivery notes but were not seen in store issue vouchers neither were they seen physically upon verification. It was recommended that the DAO of the Ministry should ensure that the missing seed rice should be made available for audit inspection within thirty (30) days of the receipt of the report.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.13 MINISTRY OF MINES AND MINERAL RESOURCES (2013)

General Payroll Issues

The following were observed:

- 42 personnel stationed at the Ministry's headquarters at Youyi Building had not been regularly signing the Attendance Register;
- Out of the 107 staff of the Ministry attached in Freetown, 47 personnel were physically unverified;
- It was noted by the Internal Audit Unit, that 48 unverified Mines Monitoring Officers (MMOs) had abandoned their duty stations, but were collecting salaries during the audit period;
- 153 staff were without NASSIT identification numbers;
- 13 staff who had attained the statutory retirement age of 60 years were still receiving salaries amounting to Le 96,590,043; and
- An Administrative Officer at the Ministry was on study leave with pay without supporting documents such as: Application for study leave with pay, approval from HRMO, acceptance letter from the University and progress report to justify payment.

It was recommended that the Ministry's Human Resources Officer (HRO) should ensure, within thirty days upon receipt of this report, that:

- Evidences are available to show that the 42 personnel were gainfully employed by the Ministry and the names of those who were not employees, or no longer employed by the Ministry;
- All of the unverified personnel were made available for verification within thirty days of the receipt of this report, failing which the issue would be referred to the HRMO for appropriate action;
- NASSIT registration process is facilitated for all staff of the Ministry;
- Letters of extension for the over aged staff are produced; and

Relevant documents for the Administrative officer on study leave are also produced.

Official's Response

The PS stated that necessary action had been taken by the human resource officer and it had become compulsory for all staff members to duly sign the attendance register at the time they report for duty. He added that the 47 Staff in question had been contacted and were now ready for verification. He mentioned that the Ministry had informed the HRMO about the staff situation and a copy of the correspondence was available for inspection. He stressed that all necessary documents for the administrative officer, who was on study leave were available for verification.

Auditor's Comment:

The findings are still outstanding as the recommendations were not fully implemented.

Unclaimed Salaries of Mines Monitoring Officers

Unclaimed salaries of MMOs totalling Le18,589,560 were not paid back into the MMF account. A review of the approved MMOs staff list submitted by the Human Resource Officer at the Ministry showed that payment to the tune of Le13,051,154 was made to MMOs whose names were not on the approved MMOs staff list. It was recommended that the senior accountant should pay back the amounts involved into the Ministry's Mines Monitoring Funds Account within thirty days upon the receipt of this report and submit proof of payment to ASSL for verification.

Official's Response

The PS stated that it was good to note that majority of those officers were stationed in the provinces and the nature of their work was purely monitoring mining activities in those mining areas.

Auditor's Comment:

The amounts of Le18,589,560 and Le13,051,154 were not paid back into the Ministry's Mines Monitoring Fund's Account. Therefore, the findings are still outstanding.

Performance Targets Set Out In The Performance Contract Not Accomplished

52.94% of the performance targets set out in the Performance Tracking Table (PTT) signed between the President and the Minister of Mines and Mineral Resources were not achieved by the Ministry during the year under review.

It was therefore recommended that the minister should provide satisfactory explanation why the outstanding targets were not achieved and proffer strategies that had been put in place to ensure that they were achieved in the current year.

Official's Response

The management of the Ministry said that they had implemented more than 50% of the projects as performance contract signed between His Excellency the president and the Hon. Minister of Mines and Mineral Resources. He said the remaining had not been achieved due to lack of funds coupled with slow response from partners and they were still seeking funding/ assistance for the current year to be able to be meet their targets.

Auditor's Comment:

Evidence to substantiate the response given by management was not submitted for verification. Therefore, the issue remains the same.

Refer to the Table Of Common Issues (Page 87) for further observations.

**5.14 MINISTRY OF MINES AND MINERAL RESOURCES, NORTHERN REGION
(JANUARY – AUGUST 2013)**

Revenue Not Brought To Account

There was no evidence to justify that revenue in respect of monitoring and rehabilitation fees totalled Le11,300,000, was paid into the CRF. It was therefore recommended that the Mines Engineer should ensure that the amount should be paid into the CRF and evidence of payment forwarded to the ASSL for verification within thirty days of the receipt of the report. In future, the Mines Engineer should ensure that revenue generated by the Ministry is promptly paid into the CRF.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.15 MINISTRY OF DEFENCE - HQ (2013)

Engineering Equipment Sold to the Ministry

Contract agreement for the engineering equipment sold to the Ministry valued at \$1,680,000 by the Sierra Leone Commercial Bank (SLCB) was not submitted for audit inspection. Based on the payment confirmation sent by SLCB to the Ministry, an amount of \$400,000 was paid in August 2010, leaving an outstanding balance of \$1,280,000. Physical verification of the equipment purchased, revealed that most were unserviceable and four vehicles could not be verified. It was recommended that the Director General (DG) submitted the contract agreement for audit verification within thirty days of the receipt of the report. The outstanding balance of \$1,280,000 was not to be paid out until a report on the status of the equipment was submitted to ASSL for verification.

Procurement Procedures were not followed

Samples of procurements tested revealed that the procurement of goods totaling Le6,347,172,532 had not been factored into the procurement plan; and the plan was not approved by the Procurement Committee and there were no systems in place to track the progress of the contracts agreed by the Ministry. It was recommended that the DG should ensure that procurement activities undertaken by the Ministry must be consistent with the procurement plan and the plan must be authorised by the appropriate body. The Procurement Officer should also ensure that progress reports on contracts entered into were submitted to the team for verification within thirty days of the receipt of the report.

Mismanagement of Fuel

Fuel expenses for a total of Le53,190,000 was recorded under the heading of “emergency runs”, for which the purpose of the journey and authorisation were not submitted for verification. It was recommended that the deputy secretary should ensure that the relevant supporting documents were submitted to the audit team for verification within thirty days of receipt of the report. Otherwise, the whole amount should be refunded to the CRF and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report.

Cash and Bank

Bank statements for some accounts operated by the Ministry were not submitted for audit inspection. They were as follows: Asset Disposal Account, Armed Forces Agricultural Unit Account and Water and Sanitation Project Account. In addition, bank confirmation letters from Standard Chartered Bank, and First International Bank were not submitted to confirm the bank balances for

the period under review. It was also observed that bank confirmation letters from Union Trust Bank and Sierra Leone Commercial Bank Limited disclosed accounts that were not in the approved list of accounts submitted to auditors. Furthermore, bank statement for account No: 003001114703030186 was neither disclosed by the Ministry nor were further details regarding the name of the account provided in the bank confirmation letter. It was also observed that A/C No.3001116076030190 which was the main allocation account was not disclosed by the Sierra Leone Commercial Bank. It was recommended that the DG should ensure that the said bank statements and confirmation letters were submitted within thirty days of the receipt of the report.

Verification of Civil Staff

The audit team was unable to verify 147 civilian staff within the Ministry. In addition, the staff list was not updated with the names of some staff. It was also observed that even though the grades/designations had changed for some staff, this information was not updated in the staff list. It was recommended that the DG ensured that the staff were available for verification within thirty days of the receipt of the report and the Human Resource Officer should ensure that the staff list was regularly updated.

Examination of Payroll Vouchers

Payroll vouchers for the months of May, October, November and December 2013 were not submitted for audit inspection. However, reviews done on the submitted payroll vouchers between January and September 2013, revealed increments and allowances to staff with no amendment form to justify those increments and allowances. There were also staff within the same grade level having different salaries but no evidence to substantiate the rationale for those differences. 22 staff had exceeded the statutory retirement age and a total salary paid to those staff in question was Le 69,865,639. It was therefore recommended that the DG should submit the payroll vouchers and documentary evidence for those increments and allowances within thirty days of receipt of the report. He should also inform the HRMO for necessary action to be taken such as; removal of names of the staff that had attained the statutory retirement age, from the Ministry's payroll voucher, within thirty days of the receipt of the report.

Inadequate Budgetary Process

No evidence was submitted to the audit team to prove that the various units within the Ministry were consulted in putting together the Ministry's budget. In addition, the performance contract agreement between the Ministry and the President was not submitted to the audit team. It was therefore recommended that the DG should ensure that immediate action is taken for all units within the Ministry to be consulted in designing the budget as that would ensure that the budgetary process of the Ministry was not distorted. He should also ensure that the Performance Contract was provided; and all units within the Ministry were operating in line with the signed contract.

5.16 JOINT LOGISTICS UNIT

Fuel Mismanagement

15,529 liters of fuel valued at Le 69,880,500 were issued to the Maritime Wing for which supporting documents were not submitted to show evidence of receipt and distribution by the unit. In addition, fuel operating records such as fuel chits, fuel register, logbook, list of beneficiaries, etc. to substantiate the utilisation of fuel which amounted to Le71,604,000 supplied to the Peace Mission

Training Centre (PMTTC) at Hastings were not submitted to the audit team for inspection. Furthermore fuel (petrol) was not issued according to the quantity stated on the approved distribution list. Variances were also observed between the quantity of fuel on the approved distribution list and the quantity of fuel recorded on the issue vouchers to the value of Le27,127,500. The audit inspection observed that an officer signed for, and collected fuel for the sum of Le89,577,000 on behalf of other beneficiaries without written authority. Fuel valued at Le12,964,500 was issued to various personnel with no evidence to show the actual beneficiaries of the fuel.

The following recommendations were made:

- The officer in charge at the maritime wing should submit the evidence to show the distribution or issue of fuel to the maritime wing; otherwise the amount of Le69,880,500 should be refunded to the CRF and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report;
- The Commanding Officer in charge of the Peace Mission Training Centre (PMTTC) at Hastings should submit the relevant documents for the utilisation of the said quantity of fuel for audit inspection within thirty days of the receipt of this report; Otherwise, the said amount should be refunded and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report;
- The Chief of Defence Staff should ensure that the distribution list should be revised and in future, all issues must be made in accordance with the authorised distribution list; and any deviation from the revised list must have the approval of the relevant authority;
- Adequate justification for the identified variance should be forwarded to ASSL for verification, otherwise the said amount should be refunded and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report;
- The entitled recipients should acknowledge receipt of fuel and if for any reason personnel had to collect fuel on behalf of a colleague, documented evidence authorising such action must be submitted for audit;
- The Petroleum, Oil & Lubricant (POL) Officer should provide documentary evidence that the said fuel collected was received by the approved beneficiaries. Otherwise the amount should be refunded and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report.

Rice Supplies

Differences were observed between the approved distribution list and the stock card. The approved distribution list revealed that 13,264 bags as per calculated balance, were as the stock card revealed 2,244 bags; leaving a balance of 11,020 bags valued at Le1,860,727,000 not accounted for. Store records such as store receipt vouchers, store issue vouchers, etc. to show the distribution of store items supplied to the Peace Mission Training Centre at Hastings were not submitted to the audit team for inspection. It was recommended that the Joint Logistics Unit (JLU) Commander submitted adequate justification for the variance and relevant documents for the distribution of store items to ASSL for verification; otherwise, the said amount should be refunded and evidence of payment forwarded to ASSL for verification within thirty days of receipt of the report.

General Observation

We observed that the stationery store was not conducive for storing stationery items as there were leakages all over the store and the store was not in good condition. It was therefore recommended that the Joint Logistics Unit (JLU) Commander must ensure that the stationery store was made conducive for storing stationery items.

5.17 JOINT MEDICAL UNIT

Revenue Variances

Differences to the tune of Le40,512,000 were observed between the receipt books and the revenue registers in respect of patient admissions, laboratory tests and x-rays for the period under review. It was also observed that revenue collected for a total of Le47,153,000 in respect of patient admission fees, laboratory and x-ray tests for the period under review was not banked; which was contrary to the Financial Management Regulations 2007. It was recommended that the revenue collection system be more effective to properly account for the proceeds of services rendered and the process must be monitored by the Commanding Officer of the Joint Medical Unit (JMU). This officer was also to ensure that all revenue was banked there and then.

General Observation

There was no standby generator in the hospital to provide electricity during periods of power cut. The audit team also discovered that the hospital had only one ambulance. As a result, private and commercial vehicles which were used were not well-equipped for moving referral cases. It was recommended that the Ministry facilitated the procurement of a standby generator that could effectively serve the hospital during periods of blackout and an additional ambulance must be bought to support the operations of the Joint Medical Unit. The Commanding Officer of the Joint Medical Unit was to initiate the process.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.18 PEACEKEEPING OPERATIONS (2009-2013)

Non-Submission Of Documents

Grants totalled \$3,905,714 for reimbursement of Contingent Owned-Equipment (COE) could not be ascertained because the bases of assessment for major equipment and other reimbursement used for the mission were not submitted for audit inspection. It was recommended that the DG should submit the assessment report for the reimbursement of COE for the period under review for audit inspection within thirty days of the receipt of this report; otherwise, the provision of the relevant section of the ASA of 2014 should be invoked.

Selection Of Personnel For Peacekeeping Operations

There was no policy in respect of the selection of personnel for peacekeeping operation. A draft policy was made in 2010. The policy however, had not been approved. As a result, selection of personnel was done on an adhoc basis. Additionally, the nominal rolls of military personnel for Sector Reconnaissance Company (SRC) 3 and SRC 4 submitted were not authorised by the Chief of Defence Staff (CDS). It was recommended that the Chief of Defence Staff (CDS) should ensure that there was an approved policy in place within thirty days of the receipt of the report.

Signed Emolument Lists Not Submitted

A total amount of \$2,061,734 was paid “over the counter” by the Sierra Leone Commercial Bank to personnel engaged in the Darfur-Sudan Peacekeeping Operation for which the emolument lists for SRC2, SRC3, and SRC4 showing the signatures of recipients were not submitted for audit inspection. It was recommended that the DG should submit the relevant documents in respect of payroll for the period under review for audit inspection within thirty days of the receipt of the report; otherwise, the whole amount should be disallowed and surcharged in accordance with Section 12(b) of the ASA of 2014.

Bank Statements Not Submitted For Audit Inspection

Bank Statements for accounts numbers 1145632246 and 1145632424 operating in Kenya Commercial Bank Limited and account no. 001-116311-03-00-01 opened on 30th December, 2009 operating at Sierra Leone Commercial Bank were not submitted for audit inspection. It was recommended that the DG should ensure that the said bank statements were submitted within thirty days of the receipt of this report; otherwise, the provision of Section 36 (1a) of the ASA of 2014 should be invoked.

High Bank Charges

The peacekeeping operation accounts incurred a net of \$64,935 in respect of interest charged on its activities. It was recommended that the DG should engage the banks regarding the high bank charges.

Bank Confirmation Request Letters Not Responded To By Client Banks

Bank confirmation letter from Union Trust Bank did not give any information on the Peacekeeping Account 004001150292000172. Rather, the bank disclosed the balance in account no. 215-029200-01 which was not disclosed in the approved list of accounts submitted to the audit team. In addition, bank confirmation request letters sent to the Sierra Leone Commercial Bank and the FI Bank were not responded to by both banks. It was recommended that the DG should ensure that both banks respond to the confirmation request letters within thirty days of the receipt of this report. Furthermore, there was need for the management of the Peacekeeping Operations finances so as to maintain accurate information regarding the various bank accounts.

Store Documents Not Submitted

Store documents such as receipt vouchers, store ledger, store issue vouchers etc. in respect of the Peacekeeping operations for the period 2009 to 2012 were not maintained at Joint Logistic Unit. It was recommended that the DG should submit the relevant store records for the period under review for verification within thirty days of the receipt of the report.

Others Documents Not Submitted For Audit Inspection

Documents substantiating the receipt and utilisation of an aggregated amount of \$353,673 relating to supplies made to the Peace Mission Training Centre and the completion of the ablution facility were not submitted for audit inspection. It was recommended that the DG should submit the relevant records for the period under review for audit inspection within thirty days of the receipt of this report.

Incomplete Memorandum Of Understanding (MOU)

The Memorandum of Understanding (MOU) for Peacekeeping Mission in Darfur, Sudan submitted for audit inspection, was incomplete as some of the appendices were missing. It was recommended that the DG should submit a complete MOU for audit verification within thirty days of the receipt of this report.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.19 MINISTRY OF DEFENCE- ARMED FORCES AGRICULTURAL UNIT MOYAMBA (2013)

Poor Housing Facilities

Inspection of the housing facilities in the Armed Forces Agricultural Unit (AFAU) revealed that the houses in the unit were made of mud blocks and some were dilapidated. Some soldiers with no housing facilities had to construct mud houses which were covered with thatched-roof and some with tarpaulins. There were inadequate or poor toilets facilities in the unit, some located about 300 meters from the constructed houses. It was recommended that the Chief of Defence Staff (CDS), the DG and other key personnel in the Ministry of Defence should ensure that the issues highlighted in the report were immediately addressed by the Ministry.

Inadequate Control over Agricultural Activities

Stores records showing the total agricultural inputs, equipment supplied to the unit and total outputs were not submitted for inspection. In an interview with the Commanding Officer, it was noted that during the period under review, 378 bushels of rice were harvested by the AFAU. Of that, 80 bushels were destroyed due to poor storage facility. The auditors verified that the roof of the store was destroyed, there were leakages all over the store and the destroyed rice were still being held in store by the unit. It was also noted from interview with the commanding officer that the outputs from the agricultural activities undertaken by the unit were accounted for as indicated below:

- Some percentage was allocated to the people in the operational areas;
- Some was allocated as input for the subsequent season after harvest; and
- The rest sold to the public and proceeds deposited in the First International Bank, account number 101-31062-01.

It was however observed that a detailed list of beneficiaries and saved inputs for 2014 agricultural season was not submitted for verification. Receipts, bank paying-in slips and bank statements in respect of sale of products were also not submitted for inspection. Therefore, it was not possible to ascertain amounts paid into and withdrawn from that account. It was recommended that the CDS, DG, Commanding Officer and other key personnel in the Ministry of Defence ensured proper monitoring and supervision of the operations of the AFAU. It was also recommended that records relating to farming inputs and output during the period under review should be submitted to the audit office within 30 days of receipt of the report, otherwise the matter would be referred to the ACC for further investigation. It was further recommended that a proper storage facility should be provided for the AFAU, and the under mentioned documents immediately submitted to the ASSL for inspection within 30 days of receipt of the report:

- A detailed list of beneficiaries of agricultural products under the CMR;
- Saved inputs for 2014 agricultural season; and
- Receipts, bank paying-in slips and bank statements in respect of the sale of the products.

Control weaknesses in the Utilisation of Allocations

Examination of the monthly running cost cashbook and a representation made by the Commanding Officer revealed that no monthly running cost was received by the unit for October and December 2013. It was however observed that the total sums of Le20,455,000, in respect of monthly running cost, allocated to that unit by the MOD through the Joint Forces Commander was without retirement details. It was recommended that the commanding officer ensured that all allocations made to the AFAU were properly retired and accounted for and all retirement details (appropriate evidence) for the said sum were submitted to ASSL for verification within thirty days of the receipt of the report; otherwise the amount involved was to be refunded and paid back into the CRF.

Lack of adequate IT Equipment

The unit was constrained in carrying out some key functions as there were no computers, printers and photocopiers in the unit. It was recommended that the Chief of Defence Staff, DG and other key personnel in the Ministry of Defence ensured the provision of the necessary equipment to enhance AFAU operations.

5.20 MINISTRY OF DEFENCE BONTHE- FORWARD OPERATING BASE (2013)

Poor Housing Facilities

Inspection of the housing facilities in the Forward Operating Base (FOB) revealed that there was no official barracks in the location to house military personnel attached to this unit. Instead, personnel were housed in a dilapidated structure along the wharf, claimed to be owned by the Sierra Leone Produce Marketing Board. The toilet facility was extremely deplorable and the unit did not have a generator; instead fuel was issued to a nearby commercial complex for the supply of electricity to the FOB. It was recommended that the CDS, the PS and other key personnel in the MOD ensured that the issues highlighted in the report were addressed by the ministry there and then.

Lack of IT Equipment

It was observed that the FOB was constrained in carrying out some key functions as there were no photocopiers, computers & printers. Therefore, photocopying was done in the open markets. It was recommended that the CDS, PS and other key personnel in the MOD ensured that the brigade was provided with the necessary equipment to enhance their operations.

Inadequate Patrol Equipment

The team physically verified one patrol machine (Insurance Patrol Craft). This boat operated with a 60 horse power Yamaha outboard engine and had a capacity of eight personnel. In an interview with key personnel, it was noted that there were no additional naval boats and quick reaction speed boats to monitor and surveillance the coastal waters of Sierra Leone from the FOB. It was also revealed that there were instances where commercial boats had to be hired to transport sensitive and bulky military equipment to the FOB in the Bonthe municipality. It was recommended that the Chief of Defence Staff, the PS and other key personnel in the MOD ensured that the brigade was provided with the necessary equipment to enhance their operations.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.21 MINISTRY OF DEFENCE, KOINADUGU DISTRICT (2013)

Records of Fuel Consumption Not Made Available For Audit Inspection

There were no records such as request forms, fuel chits and distribution list/register to explain how fuel worth Le75,978,000 was consumed by the 12th Battalion. It was recommended that the Battalion Commander should within thirty days of the receipt of the report forward the fuel records in support of the Le75,978,000 to the ASSL for verification, otherwise, the whole amount should be refunded. In future, the management of the 12th Battalion should institute the use of request forms, fuel chits and register and those records should be retained for audit and reference purposes.

Deplorable State And Condition Of Military Staff Quarters

The state and condition of the military staff quarters was far from being pleasant. There was no electricity supply, the windows were broken, the ceilings were tattered with leaking roofs, and the toilets were filthy with no running water. It was recommended that the Battalion Commander should ensure that a request was made to the MOD for the staff quarters to be rehabilitated and refurbished. In addition, the basic facilities such as water and electricity should also be supplied on a daily basis.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.22 MINISTRY OF DEFENCE, BOMBALI DISTRICT (2013)

Take Home Ration (Rice) Not Accounted For

A comparison between the number of bags of rice that was supplied to the Forward Support Group and the distribution list revealed that sixty-six (66) bags of rice which cost Le 9,240,000 were not accounted for. It was recommended that the Brigade Commander should ensure that the sixty-six (66) bags of rice was recovered and distributed to the intended beneficiaries, otherwise, the Le9,240,000 was to be refunded into the CRF and evidence of refund made available to the ASSL within thirty days of the receipt of the report. In future, the rice supplied to the Forward Support Group should be distributed to the intended beneficiaries and the records of supplies and distribution retained for audit and reference purposes.

Records Of Fuel Consumption Not Made Available For Audit Inspection

There were no records such as fuel chits and distribution list to explain how fuel which cost Le23,175,000 (5150 litres of fuel) was consumed by the various units of the 4th Infantry Brigade. It was recommended that the Brigade Commander should forward the records in support of the 5150 litres of fuel, to the ASSL for verification within thirty days of the receipt of the report; otherwise, the whole amount should be refunded and in future, the management of the 4th Infantry Brigade should institute the use of fuel chits and distribution list/register. Those records should be retained for audit and reference purposes.

Ration Cash Allowances Not Retired

The sum of Le 34,710,000 which was given to the 4th Brigade Headquarters and the 4th Battalion as ration cash allowances was not retired. It was recommended that the Brigade Commander should ensure that the retirement details were forwarded to ASSL within thirty days of the receipt of the report; otherwise the total amount involved should be refunded.

Deplorable State And Condition Of Staff Quarters

The state and condition of the staff quarters for both the 4th Brigade Headquarters and the 4th Battalion were far from being pleasant. It was observed that the quarters lacked basic facilities like water, electricity and proper toilets and kitchens. It was therefore recommended that the Battalion Commander should make a request to the MOD for the staff quarters to be rehabilitated and refurbished. In addition, the basic facilities such as water and electricity should be supplied on a daily basis.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.23 MINISTRY OF HEALTH & SANITATION HQ(2013)

Inconsistency In Contract Implementation For Uniforms

According to the contract awarded to Fife International for the sum of Le2,320,000,000, the following were observed. The Contractor was to supply 77,600 yards of white uniform materials. However a balance of 21,877 yards valued at Le437,540,000 were yet to be supplied. The special conditions of the contract stated that, an advance payment of 30% should be made after signing the contract and the remaining 70% on acceptance of delivery. The contract was however signed in November, 2011 and the delivery period was sixteen weeks from the date of signing the contract. The audit team also noted with great concern that the dictates of the contract agreement were not followed as the contractor had already been paid Le1,644,100,000 representing 71% of the contract price, 41% in excess of what should have been paid before completion of delivery. It was recommended that the PS must substantiate the 41% payment in excess of what should have been paid.

Procurement Of Non-Essential Drugs

Drugs (Calibenclamide) valued at \$36,312 were procured under the Free Health Care. They were however not normally prescribed for free health care patients. It was recommended that in future, all stakeholders and end-users should be involved in the needs assessment process. The PS should also explain why non-essential drugs costing \$36,312 were bought under the free health care and ensure that those drugs were distributed to hospitals and peripherals where needed.

Incomplete End-user Requisitions

The requisition or request letters did not indicate the quantity and description of the items needed by the end-users in respect of payments which totalled Le684,370,000. It was recommended that in future all requests from end-users should be specific with regards to the items needed. The Head of the Procurement Unit should explain why the end-users did not provide details of items required, within thirty days of receipt of the report. Furthermore, in future, all requisition should indicate the quantity and description of items needed.

Incomplete Documentation In The Evaluation of Bids

Contrary to Sec. 32(1) and (6) of the Public Procurement Act of 2004, technical evaluation forms were not submitted for verification in respect of procurements of medical equipment, office furniture, and utensils. The prices of those contracts were \$6,942,606, Le406,611,000 and Le783,656,394 respectively. In addition, bidding documents in respect of unsuccessful bidders were not produced for audit inspection. Furthermore bid opening minutes for the rehabilitation and refurbishment of Makeni Paramedical School, indicated that five bidders were invited but only one

firm responded and was awarded the contract for the sum of Le822,726,000. There was however no evidence to show that invitations were extended to other bidders. It was recommended that the head of the procurement unit should submit the required forms to ASSL within thirty days of receipt of the report. The PS should ensure that the head of procurement submitted the bidding documents within thirty days from the date of receipt of the report. The head of the procurement unit should also justify the reported anomalies within thirty days of receipt of the report.

Loan From The Miscellaneous Account Not Yet Repaid

Amounts which totalled Le149,975,275 were withdrawn as loans from the miscellaneous account, and were yet to be refunded. It was recommended that the Director of Financial Resources should ensure immediate repayment of the entire amount and evidence forwarded to ASSL within thirty days of receipt of the report.

Payments For Top-Up Cards Without Business Receipt And Evidence Acknowledging Receipt

There was no receipt to support Le 4,472,000 spent on top-up cards. In addition, beneficiaries did not sign to acknowledge receipt of these top-up cards. It was recommended that the Director of Financial Resources should ensure that the receipt and evidence of acknowledging receipt of top-up cards by the recipients were made available for audit inspection within thirty days of receipt of the report; otherwise, the amount of Le4,472,000 should be refunded into the CRF and evidence forwarded to the ASSL for verification.

Staff without NASSIT Numbers

A review of the payroll records revealed that 938 staff of the ministry were without NASSIT numbers. It was recommended that the Director of Human Resources ensured that the NASSIT numbers of those staff were submitted within thirty days of receipt of the report to ASSL for verification.

Personnel Files Not Submitted

Personnel files for 201 staff requested were not submitted for inspection. It was recommended that the Director Of Human Resources submitted the personal files of the 201 staff to ASSL within thirty days of receipt of the report.

Staff Not Available For Physical Verification

It was observed that 12 staff of the ministry were not available for physical verification. It was recommended that the PS ensured that those staff avail themselves for physical verification within thirty days from the date of receipt of the report, otherwise, their names and pin codes should be forwarded to the HRMO for deletion from the payroll of the ministry.

Vehicle Log Books Not Used

Vehicle Log Books were not maintained for the entire period under review. It was recommended that the head of the transport unit proffered justifiable reasons for this anomaly to ASSL within thirty days of receipt of the report and henceforth, use of vehicle log book should be instituted immediately.

Vehicle Life Card Not Submitted

Life cards in respect of 71 vehicles of the ministry were not submitted for inspection. It was recommended that the Transport Officer should immediately submit the required life cards within thirty days of receipt of the report; Otherwise Section 18 of the Audit Service Act, 1998 would be enforced.

Fuel Chit Not Submitted

Fuel chits valued at Le5,040,000 (1,120 litres @ Le4,500) were not submitted for audit inspection in respect of the policy, planning and information unit. It was recommended that the Director of Policy, Planning and Information Unit submitted the said fuel chits within thirty days of receipt of the report, otherwise, he should refund the said amount to the CRF and evidence forwarded to ASSL for verification.

Fuel Entitlement List Not Submitted

Fuel entitlement list was not submitted in respect of the Directorate of Support Services and the Procurement Unit for fuel which amounted to Le20,000,000 and Le15,000,000 respectively. It was recommended that the Directorate of Support Services and head of the procurement unit submitted the entitlement lists within thirty days of receipt of the report; otherwise, the said monies should be refunded to the CRF and evidence forwarded to ASSL for verification.

Huge Number of Bank Accounts Maintained By the Ministry

The ministry maintained a total of 68 bank accounts with various banks. It was recommended that the Director of Financial Resources must ensure that the number of bank accounts maintained by the ministry was significantly reduced.

Inadequate Details of Team Supervisors And Vaccinators Paid

The sum of Le523,255,000 was paid to team supervisors and vaccinators. Adequate contact details such as addresses and phone numbers of those officers were however not provided to enhance verification. It was recommended that in future, the Programme Manager of Maternal Child Health Unit should ensure that the District Medical Officers submit the required contact details of the supervisors and vaccinators, otherwise, the whole amount would be refunded.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.24 CONNAUGHT HOSPITAL (2013)**Non-functional oxygen plant and insufficient oxygen concentrators**

The oxygen plant procured in 2006 to provide 100% oxygen to patient at the hospital was non-functional since its delivery. It was also observed that there were four oxygen concentrators located in the intensive care unit and the annex wards with capacity to produce only 30% oxygen to serve the entire hospital. It was recommended that the Chief Medical Officer and the Director of Drugs and Medical Supplies should put the oxygen plant into operation within thirty days of the receipt of this report otherwise the cost of the plant must be refunded.

Poor Environmental and Sanitary Provision In The Hospital

Even though the amount of Le309,201,060 was paid to AFWEN (SL) for the cleaning of the hospital, it was observed that the outpatient unit emitted a strong offensive odour which could be hazardous to the hospital visitors. It was also observed that the hospital was infested with pests and

the sanitary facilities in the wards were unsatisfactory. It was recommended that the Hospital Care Manager and the head of the environmental unit should endeavour to improve the environmental and sanitary situation of the hospital within thirty days from the date of receipt of the report, otherwise, the contract should be revisited.

Improper Storage of Drugs

The following were observed:

- The storage facilities were poor;
- Drugs were placed on the floor and clustered in the room;
- The store room temperature was not appropriate for storage;
- Access control to the store was weak; and
- Regular stock count was not carried out by the storekeeper.

It was recommended that the Hospital Care Manager should regularise the anomalies highlighted within thirty days of the receipt of the report. A plausible explanation must also be given for this deviation within thirty days from the date of receipt of the report, and evidence forwarded to ASSL for verification. The Hospital Care Manager should also implement adequate control measures to prohibit unauthorised access to the store. The Pharmacist should desist from such act immediately.

Drugs Not Accounted For

Free Health Care drugs worth US\$47,849 supplied to the hospital were not properly accounted for. In addition, stock data reports were not submitted for audit inspection with respect to cost-recovery drugs worth Le256,598,844 supplied to the hospital by the Central Medical Stores and also management drugs worth Le387,674,660 procured by the Freetown City Council. Data or reports on the quantity of drugs sold and unsold were not submitted for inspection. It was recommended that the Pharmacist should provide a comprehensive list and all relevant supporting documents on the issuance of the drugs and make them available to the audit office for verification within thirty days of the receipt of the report. Otherwise, the amount should be refunded. It was recommended that the Pharmacist should provide a report on the status of the cost-recovery and the management of drugs within thirty days from the date of receipt of the report, and evidence forwarded to the audit office for verification. Otherwise, the matter would be further investigated. The Pharmacist and Storekeeper should also make appropriate arrangements for the store to be conducive for the storage of drugs.

Poor Stores Management System

Various items including computer accessories, laboratory reagents valued at Le261,210,000 and procured by the Freetown City Council (FCC) were not recorded in the store ledgers. It was also observed that those items were not received by the Storekeeper. The team could also not verify evidence of the distribution or issuance of those items.

Despite several requests by the audit team, the following documents were not produced for inspection:

- Records on the operation of the laboratory and x-ray store;
- Daily commodities dispensing register; and
- Stock data reports and list of expired drugs.

It was recommended that the Storekeeper should take on ledger charge all the various items not taken on ledger charge within thirty days of receipt of the report, otherwise, the matter would be referred for further investigation. The Hospital Care Manager should also make available for verification the missing documents, within thirty days from receipt of this report, otherwise the matter would be referred for further investigation.

Inadequate Controls Over The Collection, Recording, And Reporting Of Financial Transactions

Differences which totaled Le375,509,497 were observed between the receipt books and the cashbook. It was also noted that fifteen receipt books issued to revenue collectors during the period under review were not returned. The estimated value of those receipt books was Le30,000,000. It was further observed that the Finance Officer did not submit the paying-in slips to confirm that Le43,862,007 which represented 5% of the total revenue generated by the hospital was paid into the CRF. Differences between receipt books and bank statements totalled Le71,906,650 was also not paid to bank.

The following records were not produced for inspection:

- Records on the operation of the ambulances;
- Paying-in slips;
- Bank reconciliation statements; and
- Bank statements.

It was recommended that the Finance Office updated the cashbook within thirty days of the receipt of this report, or refunded the amount involved into the hospital's account and evidence of payment forwarded to ASSL for verification. He should also ensure that all receipt books issued to collectors should be returned, and that the receipt books must be made available for verification, or Le30,000,000 be refunded into the hospital's account.

The Hospital Care Manager should ensure the payment of Le43,862,007 into the CRF within thirty days of the receipt of the report. The Finance Officer should also ensure that the amount involved be repaid into the bank accounts of the hospital within thirty days of the receipt of the report, and evidence of payment forwarded to the audit office for verification; otherwise, the Le71,906,650 should be refunded into the hospital's account.

Potters Did Not Show Up For Verification

We were unable to physically verify thirty (30) porters on the staff list and payroll voucher. There was no register to confirm that they were reporting for duty. It was recommended that the matron should ensure that those porters make themselves available for physical verification within thirty days from the date of receipt of the report, otherwise, their details should be shared with the relevant authorities for deletion from the payroll.

Overview of Outstanding Issues From Previous Audit Inspection

The following were outstanding:

- Twenty-four (24) receipt books with estimated value of Le45,500,000 issued to revenue collectors were not returned;

- Some cashbook entries were made using pencil;
- Bank statements for Le621,357,876 were not presented to confirm that the amount was banked;
- Expenditures which amounted to Le367,986,986 were without the relevant supporting documents;
- Withholding taxes for goods and services which totalled Le4,692,850 were not deducted and paid to the NRA;
- The following documents were not produced to the audit team for inspection: bank statements for 01-3001-11-0200008364 SLCB and complete set of the other accounts, bank reconciliation statements, cheque-book stubs, records on the operation of the ambulances, minutes of management meetings, minutes, from the drugs and therapeutic committee meetings;
- Regular drugs valued at Le7,897,500 were procured but not put into use. Those drugs had expired but had not been disposed of;
- Reagents and instruments needed for the running of the laboratory and the dental units were not supplied to the units;
- Contracts for the rehabilitation of the dialysis unit valued at Le250,691,043, and the rehabilitation of the Connaught hospital which amounted to Le1,231,694,200 were not satisfactorily executed;
- There was a leaking roof in the dialysis ward, damaged toilets and fans were not working in the hospital; Interviews with some personnel however revealed that the consultant in post took up the rehabilitation of the unit, thereby spending her own money;
- A work completion certificate had been issued to the contractor;
- A standby generator was also procured for the hospital but was still not installed;
- Eighty-two (82) staff members did not avail themselves for verification;
- Pages were removed from the attendance register and dates were not in order;
- Salaries paid to those staff amounted to Le834,421,980;
- The immediate environment of the hospital had a regular smell of urinary waste, rats and cockroaches; The toilet facilities in the wards were not adequate;
- Most of the fans in the ward were not in working order;
- The sum of Le332,000,000 was paid to a contractor (AFWEN) for the cleaning of the wards; and
- The monitoring of the cleaning was however difficult as the terms and conditions of the contract agreement were not known by the end users as explained in our exit meeting.

Auditor's Comment:

The responses were received from the management of Connaught Hospital. However, due to the health emergency situation nation-wide, we were unable to verify their responses. We therefore keep them in view for follow up in subsequent audit.

5.25 PRINCESS CHRISTIAN MATERNITY HOSPITAL (2013)

Inadequate Supply of Essential Equipment And Other Facilities

Interviews conducted with the Nurse-in-Charge of the ward, revealed that the number of delivery beds in the labour ward were not sufficient to meet the increased number of in-patients. In addition, there was no running water in the ward; gloves and vacuum extractor were also insufficient in the ward. Vital or essential equipment needed for the effective, efficient functioning of the Eclamptic ward (ward 2) were not adequate. Blood-pressure machines, albustic protective gears, glucose machine/strip mattresses and running water were inadequate. Interview with the Sister-in-Charge revealed that some of those vital equipment purchased were of poor quality. Of the 115 beds

required in the various maternity wards, only 23 were with baby cots. This gave rise to newly born babies sharing beds with their mothers. Oxygen plant procured in 2006 to provide 100% oxygen to patients at the hospital was not functional since its delivery (8 years after its delivery). There were only two oxygen concentrators to serve the entire hospital. Electricity at the hospital continued to be a challenge in the absence of regular power supply from the National Power Authority (NPA). Even though the Ministry of Health and Sanitation provided the hospital with a 150 KVA generator which costed \$136,000 in 2013, it still had not been installed (18 months after delivery). The only available ambulance in the hospital was not roadworthy. Patients had to resort to the use of commercial or private vehicles on emergency or referral cases. It was therefore recommended that the Director of Training, Hospital and Laboratory Services should ensure that the labour and eclamptic wards were provided with the basic facilities within thirty days of the receipt of the report. In addition, he was to ensure that additional baby cots were provided for the hospital in order to solve the problem of baby-mother bed sharing and explain why substandard equipment were provided to the hospital. He was to provide documentary evidence of items procured within thirty days from receipt of the report. The Chief Medical Officer was to ensure that the oxygen plant was operational within thirty days of the receipt of the report, otherwise the cost of the plant was to be refunded. The Director of Drugs and Medical Supplies was also to ensure that sufficient oxygen concentrators are supplied to meet service delivery level at the hospital. The Director of Training, Hospital and Laboratory Services at the Ministry of Health and Sanitation headquarters was to ensure that the generator was immediately installed within thirty days of receipt of the report. The PS was also to ensure that ambulances were provided to the hospital within thirty days of the receipt of the report.

Official's Response

The MS stated that PCM hospital had a bed capacity of 149 beds and not 115 as quoted in the report. On the issue of not all beds have baby cots, he mentioned that some wards were either ante-natal or gynaecological; therefore it was not all beds that had baby cots. He further said that in the post-natal wards there were babies but preferred the Kangaroo Mother Care which was done by letting the baby lie flat on the mother's chest, and facing each other, thereby creating warmth and affection between mother and child. Babies that were born sick were nursed in the special care baby unit and if the mother was sick, only then was the baby allowed lying in a cot. The MS noted that in any case, the administration was striving to have more baby cots from Ola During Children's Hospital to supplement the existing ones.

Auditor's Comment:

During physical verification, it was confirmed that the hospital had 149 beds. There needs to be an increase in the number of baby cots to match with the number of beds in the three (3) post-natal wards which is a total of 49 beds. The issue is therefore unresolved.

Official's Response

The MS stated that letters had been written to both the Chief Medical Officer (MoHS) and the Director of Drugs and Medical Supplies to ensure that the oxygen plant was put into operations.

Auditor's Comment:

The letter written to the Director of Drugs and Medical Supplies for the installation of oxygen plant was submitted for verification. However, no action has been taken. Therefore the issue remains the same.

Official's Response

The MS stated that management had written a letter to the Director of Drugs and Medical Supplies for the supply of sufficient oxygen concentrators.

Auditor's Comment:

The letter written to the Director of Drugs and Medical Supplies for the supply of oxygen concentrators was submitted for verification. During the verification exercise, the auditors realised that one faulty oxygen concentrator had been repaired and put into immediate use. With only three functioning oxygen concentrators, the hospital still needs more oxygen concentrators to meet the increasing demand of patients visiting the hospital. The recommendation has not been implemented. Therefore, the issue remains the same.

Official's Response

The MS stated that despite writing a letter to the Senior PS of the Ministry of Health and Sanitation (MoHS) for the installation of the 150KVA generator, management had contacted two contractors both requesting fifty million Leones (Le50,000,000) and above. That he said had impeded the progress of the job stated by the letter.

Auditor's Comment:

The generator has still not been installed. Therefore, the issue remains the same.

Salaries Paid To Ineligible Personnel

Salaries amounting to Le69,819,865 were paid to five (5) nurses, who were no longer in service. An examination of the staff list also revealed that four (4) nurses were without NASSIT numbers. It was recommended that in future, the MS ensured that the Director of Human Resources take appropriate action for the removal of the names of those personnel from the payroll. The Director of Human Resources was to regularise that anomaly within thirty days from the date of receipt of the report.

Official's Response

The MS stated that management had written to the Director of Human Resources to take appropriate action towards the removal of the names of five nurses from the payroll who had died, retired and resigned but their salaries were still reflecting. He added that a letter had also been written to the Director of Human Resources to regularise the staff list of the ministry for the four staff without NASSIT numbers claim to be attached to the hospital.

Auditor's Comment

The letters written to the Director of Human Resources, Ministry of Health and Sanitation to take appropriate action was submitted for verification. Despite several follow-ups made with the ministry, no action has been taken. Therefore the issues remain the same.

Outstanding Issues From Previous Audit Inspection**Congested Labour Ward**

The labour ward was congested and untidy as there were more patients than available beds. It was recommended that the MS must expedite action to remedy the situation.

5.26 LUMLEY GOVERNMENT HOSPITAL (2013)

Poor Storage Facilities

There was no proper storage facility to accommodate the large consignment of drugs and other equipment supplied to the hospital. Therefore, free health care drugs and cost-recovery drugs were placed all over the hospital floor which, during the time of the audit was observed to be damped. In addition, free health care drugs of 162,702 sachets and bottles were not entered into the allocated store ledger, stock cards or daily commodity dispensary register. The auditors were unable to ascertain the correct quantity of the drugs issued and the quantity that remained in stock. Furthermore, store records such as allocated store ledger, drugs distribution channel, stock card, and store issue vouchers were not maintained to account for the receipt and issue of cost-recovery drugs worth Le91,412,500. It was recommended that the Director of Drugs and Medical Services should ensure that proper storage facilities were constructed to accommodate the large amount of drugs and other items of supplies at the hospital. The Pharmacist should also produce all the relevant source documents within thirty days of receipt of this report; otherwise, the matter would be further investigated.

Official's Response

The MS stated that His Worship the Mayor visited the hospital in early 2014 and was very concerned about the lack of storage facility for drugs. He had recommended the construction of a store as soon as funds were available. She said that during his visit, the Deputy Mayor signed the visitor's book. Meanwhile, the Pharmacist, through the MS had written to UNICEF requesting temporary storage facilities in the form of two (2) 40 feet shipping containers to help with storage until the hospital was expanded to include a store, she mentioned. She further said that the letter was copied to the Director of Drugs and Medical Supplies and supporting documents in respect of the cost-recovery and free health care drugs had been traced and available for verification.

Auditor's Comment:

At the time of the verification, there was no additional storage facility for drugs; and drugs were still placed all over the hospital premises. A letter presented by the pharmacist showed that a request had been made to the National Pharmaceutical Procurement Unit through the MS of the Lumley Government Hospital for the procurement of 2 twenty (20) feet containers to be used as a temporal storage facility for drugs. The issue will be kept in view.

Documentary evidence to show that details of 162,702 free health care drugs recorded in the allocated store ledger and daily commodity dispensary register were not presented for verification. As such, the correct quantity of drugs issued out and the remaining quantity in stock could not be ascertained. Therefore the issue is unresolved.

Documents such as store ledgers, drugs distribution channel, store issue vouchers to account for the receipt and issue of the cost-recovery drugs worth Le91,412,500.00, were not presented for verification. The issue is unresolved.

Inadequate Supplies of Essential Drugs And Equipment

Vital medical equipment and items such as bed screens, baby cots and bed lockers to enable effective work, were not available both in the male and female wards. It was also observed that the only ambulance available in the hospital was used as a utility vehicle by the management staff. In

emergency, the relatives of patients had to resort to the use of commercial vehicles. Furthermore there was no blood bank in the hospital. In emergency, patients had to be referred to the Connaught hospital to secure blood before transfusion could be carried out. The hospital did not have an incinerator to deposit medical waste. As a result, medical wastes were disposed of in the open leading to the release of noxious fumes into the air. It was recommended that the Director of Training, Hospitals and Laboratory Services should ensure the provision of basic medical equipment and other facilities in order to enhance the sustainability of quality health service delivery to the populace within thirty days of the receipt of this report.

Officials Response

The MS stated that the matron had written to the Director of Hospital & Laboratory Services requesting supply of the basic equipment, and to set up a blood bank adding that management had requested a utility vehicle and an incinerator was being constructed as a matter of urgency due to the outbreak of Ebola.

Auditor's Comment:

The basic medical equipment and facilities were not provided as recommended even though efforts were made in the form of requests to the Director of Training, Hospitals and Laboratory Services by the hospital management for the provision of these equipment and facilities.

Poor Environmental Condition

The electrical wires at the control panels were exposed. Switches in the pharmacy and some other offices were not in good working order. The main pipe leading to the septic tank from the toilet was broken with faeces leaking out. There were inadequate office spaces to accommodate the various units in the hospital and most of the office spaces were shared among different units within the hospital. It was recommended that the MS should liaise with the Chief Administrator, Freetown City Council to take necessary action to do general repairs and construct additional building(s) in the hospital.

Official's Response

The MS stated that general repairs had been done to electrical installations, as well as to the plumbing system adding that the documents pertaining to the repairs were available with the Freetown City Council which had plans to expand the hospital to accommodate more office space.

Auditor's Comment:

The audit recommendations have been addressed except for the inadequate office space which remains unresolved.

Inadequate Security to Hospital Facilities

It was observed that the hospital was without a perimeter fence and residence in the community used the nearby field for social activities such as sports, dancing, etc. This gave rise to uncontrolled activities and access to the hospital environment. It was recommended that the Chief Administrator of the Freetown City Council should take immediate action to demarcate the hospital compound with a perimeter fence.

Official's Response

The MS said that the FCC had demarcated the boundary with beacons ready to construct a perimeter fence as soon as funds were available. She added that the concrete beacons had been erected and could be inspected.

Auditor's Comment:

From the tour conducted around the hospital environment, it was observed that the perimeter fence had not been constructed and there were beacons around the hospital building demarcating the hospital environment from the entire community. The issue is therefore unresolved.

Staff Who Had Attained the Statutory Retirement Age

From the personnel records presented for audit, it was observed that a member of staff who had attained the statutory retirement age of sixty years was still active on the payroll at the time of the audit exercise. It was recommended that the Director of Human Resource Management at the Ministry of Health and Sanitation should take appropriate action within thirty days for the removal of the staff's name from the payroll in order to comply with statutory requirement.

Official's Response

The MS stated that the Director of Human Resource Management of the Ministry of Health had been informed for the removal of the name from payroll.

Auditor's Comment:

There is no evidence to show that the audit recommendation has been addressed.

Outstanding Issues from Previous Audit Inspection

An expenditure cashbook for January to May 2010, was not prepared and Le25,178,700 was withdrawn from account number 003-310173-10-00-01 held at the Sierra Leone Commercial Bank without any evidence to support the utilisation of funds. It was recommended that the FO should maintain separate cashbooks for all accounts, and they must be regularly updated and reviewed by a senior officer. He should also provide the supporting documents for Le25,198,700 for audit scrutiny within thirty days of the receipt of the report, otherwise, the amount must be refunded and evidence of payment into the CRF forwarded to ASSL for verification.

There was no evidence to indicate that Le6,457,650 was accounted for as required by the Auditor General.

Effective controls were not maintained in respect of the hospital's drugs and administrative accounts, as bank reconciliation exercises were not carried out for the period under review. It was recommended that the Accountant should do monthly bank reconciliations that should be regularly reviewed by a senior officer.

There was no evidence of bank reconciliation carried out to account for hospital drugs and administrative account.

5.27 ROKUPA GOVERNMENT HOSPITAL (2013)

Inadequate Supply of Essential Equipment And Other Facilities

The following was observed;

Theatre

Interview with personnel revealed that the following instruments required for the theatre to operate effectively were inadequate:

- Dilators (D&C);
- Curette;
- Waited Speculum;
- Grinagetage;
- Forceps;
- Scissors;
- Abdominal Retractors;
- Gloves;
- Suction Machine; and
- Monitoring Machine

The operating bed in room two of the theatre needed to be replaced as it was not in a good condition at the time of the audit. There were also faulty hanging and standing lights in the theatre. The absence of which, created difficulties for medical personnel to effectively carry out their functions during operations.

Male Surgical Ward

The number of fans in the male surgical ward was inadequate. Only four (4) wall fans were available to serve the wards with fourteen (14) patients. In addition, water was settling on the floor which may affect the health and safety of patients and staff.

Female Surgical Ward

Out of eight (8) beds, only four (4) were with baby cots. As a result, two babies were placed in a cot.

Labour Ward

There were no vacuum extractors in the labour ward to assist patients in time of delivery. There were also no bed screens in the labour ward.

General

There was only one ambulance in the hospital which was also used as a utility vehicle by the MS for official purposes. In addition, there was only one (1) porter in the entire hospital. Interview with staff revealed that porters were not available to assist staff who were working at night. Furthermore, there was only one oxygen concentrator in the entire hospital to cater for an overwhelming number of patients. There was also no blood bank in the hospital. It was therefore recommended that the Director of Training Hospital & Laboratory services should ensure that the hospital was provided with this basic medical equipment within thirty days of receipt of the report in order to enhance the sustainability of quality health service delivery to the populace.

Expired Cost Recovery Drugs

Expired drugs valued at Le5,216,000 in respect of cost recovery and free health care were still in store. Those drugs were received by the hospital six months before their expiry date indicating lack of proper planning in the acquisition and distribution of those drugs. Furthermore, interview with the MS and the Pharmacist revealed that the collection and disposal of expired drugs were the responsibilities of the Central Medical Store and the Pharmacy Board of Sierra Leone. There was however no documentary evidence that the hospital had reported the issue to the Central Medical Stores and the Pharmacy Board of Sierra Leone for the expired drugs to be collected for disposal. It was recommended that the Director of Drugs and Medical Supplies should submit documentary evidence why these drugs were issued to the hospital very close to their expiry date. The MS was to inform the director of drugs and medical supplies and the Pharmacy Board in writing and ensured that appropriate actions were taken for the safe disposal of those drugs within thirty days of receipt of the report.

Poor Storage Condition

Based on physical inspection of the stores facilities, it was observed that the store was not spacious enough to accommodate drugs and other essential items supplied to the hospital. Interview with the MS revealed that, there was a problem of space and funding to construct additional building. Some of the drugs were kept in the office of the pharmacy technician, which had an air conditioner that was faulty. As such, drugs were not stored under the appropriate temperature. It was recommended that the MS should inform the Director of Training, Hospitals and Laboratory Services in writing for the provision of adequate storage facility for drugs at the hospital.

General

There was no fire extinguisher in the store to prevent the loss of valuable items in the event of a fire accident. It was recommended that the MS should ensure that fire extinguishers are acquired within thirty days of receipt of the report.

Inadequate Control Over The Collection, Recording And Reporting Of Receipt And Revenue

There was a difference of Le12,841,900 between the cashbook and receipt books. The cashbook records showed a total of Le183,727,000 as revenue collected for the period under review, whilst the receipt books showed a total of Le170,885,100. The audit team was however unable to determine the missing receipt books as the accountable documents register was not produced for audit inspection. It was recommended that the Finance Officer (FO) should produce the remaining receipt books within thirty days upon the receipt of the report or, otherwise refund the amount of Le12,841,900. The FO should also ensure that an accountable documents register is maintained in order to determine the actual quantity of accountable documents received and issued.

Government's Share of Hospital Proceeds

Out of Le183,727,000 collected as revenue, the auditors realised that Le9,186,350 which represented 5% of total hospital proceeds, to have been paid into the CRF in respect of government's share of hospital proceeds was not done. It was recommended that the Medical Superintendent (MS) ensured that Le9,186,325 was paid into the CRF within thirty days of the receipt of the report, and evidence of payment forwarded to the ASSL for verification.

Diet Register Not Properly Maintained

Diets register was not properly maintained as diets procured totalling Le245,173,435 for the period July 2012 to June 2013, were not recorded in the diets register. In addition, the expendable sheets indicating the quantity utilised were not provided for audit inspection. It was recommended that the MS ensured that the diet registers and expendable sheets for the months in question were submitted to ASSL within thirty days upon receipt of the report; otherwise, the entire amount should be paid to the CRF and evidence of payment forwarded to ASSL for verification.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.28 OLA DURING CHILDREN'S HOSPITAL (2013)

High Infant Mortality Rate

The infant mortality rate in the hospital was high. Out of 11,023 admissions, 1,226 deaths were reported in the hospital, representing 11.1% of inpatients admitted. It was of utmost concern that 50% of the death cases occurred within the 24 hours of treatment or admission. It was recommended that the Chief Medical Officer should assign more doctors to the hospital to meet the increase in the number of patients.

Official's Response

The MS stated that he had officially written to the Ministry about the high infant mortality rate, which was as result of lack of enough medical doctors in the hospital. He said that plans were under way to send more medical doctors to the hospital soon.

Auditor's Comment:

The correspondence written to the ministry was not submitted for verification. Therefore, the issue remains the same.

Inadequate Supply of Essential Equipment And Other Facilities Laboratory & Equipment

It was observed that the laboratory lacked the following equipment:

- Microscopes;
- Fully automated biochemical analyser;
- Gas analyzer for respiratory diseases;
- Automated haemoglobin analyser;
- Elisa tests kits and reader machines for testing typhoid fever, and hepatitis B;
- Machine for molecular diagnostic; and
- Reagent for the determination of protein in urine.

It was recommended that the Director of Training Hospital & Laboratory Services should ensure that the hospital is provided with those essential equipment in order to enhance the sustainability of quality health service delivery to the populace within thirty days of receipt of the report.

Official's Response

The MS stated that plans were on the way to procure some of those essential equipment for the lab, so that correct diagnostic test will be carried out for patients and will be factored in the next budget.

Auditor's Comment:

The audit recommendation was not addressed.

Wards**Intensive and Special Baby Care Units**

It was observed that as a result of the Free Health Care Program, the intensive and special baby care unit wards were overcrowded with admission cases. It was strange to note that there were instances where two patients with different ailments were using a single bed. Based on physiological guidelines, a canister of supplementary oxygen (O₂) should be administered to one patient at a time. It was however observed that several patients suffering from diverse ailments were concurrently using one oxygen canister at the same time. It was recommended that the Director of Training Hospital & Laboratory Services ensured that the hospital is provided with the basic medical equipment in order to enhance the sustainability of quality health service delivery to the populace. He was also to ensure that sufficient oxygen concentrators were acquired to improve service delivery in the hospital.

Official's Response

The MS stated that a request had been made to central Medical store for supply of more beds to the hospital. He however mentioned that on the issue of Oxygen concentrators, more had been procured from SLICH Project funds and will be available for verification.

Auditor's Comment:

Evidence to confirm that more oxygen concentrators had been procured was not submitted for verification.

Disposal of Medical Waste

The incinerator at the hospital was not efficient as it was operating without the mechanical refuse feeding device which was an important component to contain refuse and dust. It was also observed that because the incinerator was operating below the required temperature, it could not effectively burn waste products especially sharp items, used needles and glasses. That had resulted in the emission of noxious fumes. There was also spillage of waste behind the incinerator. It was recommended that the Manager of the Medical Waste Unit of the Ministry of Health and Sanitation should ensure that the faulty parts were replaced within thirty days of receipt of the report.

Official's Response

The MS stated that the incinerator was up and running with the necessary mechanical device.

Auditor's Comment:

The incinerator is still not working properly.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.29 KINGHARMAN ROAD HOSPITAL (2013)**Inadequate Supply of Essential Equipment and Other Facilities**

The following was observed:

- There was inadequate laboratory equipment to carry out diagnoses or test as the laboratory had no microscope, cell-washers, sterilising pot, delivery kits and gloves;

- Interview with personnel in the theatre revealed that there were no suction machines and the only monitoring machine used for monitoring patients' vitals was not in good working order for over a year;
- The ceiling and standing lights in the theatre were faulty;
- The number of beds and bedding accessories in the various wards were insufficient;
- The number of rooms/wards in the hospital did not accommodate the increase in the number of patients. Therefore patients had to be admitted along the corridor of the hospital, thereby compromising the patients' dignity and privacy;
- There was no ambulance in the hospital;
- Relatives of patients had to resort to the use of commercial vehicles in emergency and referred cases. There was only one (1) porter to serve the entire hospital. As a result, there was no porter to provide support to nurses on night duty;
- There was no blood bank in the hospital. Patients had to be referred to the Connaught hospital to secure blood; and
- There was no wheelchair in the entire hospital to assist critically ill and physically challenged patients to move around the hospital.

The following were therefore recommended:

- The Director of Training, Hospital and Laboratory Services should ensure that the hospital is provided with those basic medical equipment within thirty days from the date of receipt of the report in order to enhance the sustainability of quality health service delivery;
- The PS should also ensure that ambulances are provided to the hospital within thirty days of receipt of the report;
- The MS should inform the Director of Human Resources in writing for additional porters to be posted to the hospital within thirty days from the receipt of the report;
- The Director of Training, Hospital and Laboratory Services should ensure that appropriate arrangements are made for the establishment of a blood bank at the hospital; and
- The Director of Drugs and Medical Supplies should ensure that the hospital is provided with wheelchairs within thirty days from the date of receipt of the report in order to enhance the sustainability of quality health service delivery.

Official's Response

The MS stated that the hospital infrastructure was too small for the number of patients seen on a daily basis. He added that there was overcrowding of the facility and therefore, the need for expansion/ extension of the facility. He mentioned that equipment and supplies were provided by the ministry at central level and they had to wait until they received supplies after making their requisition.

Auditor's Comment:

Laboratory equipment, ambulances, additional beds and bedding accessories, wheel chairs and other facilities were not provided. In addition, no documentary evidence was produced to show that the medical superintendent informed the Director of Training, Hospital and Laboratory Services for additional porters to be provided. Therefore, the issues still stand.

Government's Share of Hospital Revenue Not Paid Into CRF

Revenue which totalled Le9,281,350 and which represented 5% of government share of the total hospital proceeds had not been paid to the CRF. It was recommended that the MS should ensure that Le9,281,350 was paid into the CRF within thirty days of the receipt of the report and evidence of payment forwarded to the ASSL for verification.

Official's Response

The MS stated that payment into the Consolidated Fund was done and there was documented evidence to the effect in the form of receipt with serial no. 1003664 which was in the custody of the FO.

Auditor's Comment:

The receipt in respect of the payment of revenue into the CRF was not made available for verification.

Differences Between The Cash Book And Bank Statement

Differences were observed between receipt book/cashbook and bank statement. During the months of January, February, June, August, November and December, total deposit was greater than the totals recorded in the receipt books and cashbooks by Le66,019,300. It was recommended that the FO should provide the relevant records including the receipt books and cashbooks to account for the amount of Le66,019,300 disclosed in the bank statement within thirty days from the date of receipt of the report and evidence forwarded to the ASSL for verification.

Official's Response

The MS stated that the collection, recording and reporting of financial transaction were done by the FO and the revenue collection, the clerks. He added that there was proper recording and reporting which was under the purview of the FO with all documentations in place.

Auditor's Comment:

There was no documentary evidence to show the collection, recording and reporting of financial transactions.

Bank Statement Not Produced For Audit Inspection

A total of Le34,791,000 was revenue collected during the months of March, April, September and October for which paying-in-slips and bank statements were not submitted to confirm deposits into bank. It was recommended that the FO should provide the relevant bank statements for the months in question within thirty days of receipt of the report; otherwise, the sum of Le34,791,000 must be refunded immediately and details of payment to bank forwarded to the ASSL for verification.

Unauthorised Absent From Duty Station

An examination of the attendance register and the payroll vouchers revealed that salaries which totalled Le10,817,928 was paid to the Medical Officer at the Kingharman Road hospital even though he was not reporting for duty. It was recommended that with immediate effect the Director of the Human Resources should take appropriate action to regularise the issue. In addition, every effort should be made by the PS of the Ministry of Health and Sanitation to recover the entire amount paid

to the staff within thirty days of receipt of the report, and evidence of recovery forwarded to the ASSL for verification.

Official's Response

The MS mentioned that the officer in question went on leave and did not return in July 2013 and that had been communicated to the ministry.

Auditor's Comment:

There was no documentary evidence to show that the MS of the hospital had communicated this issue with the Director of Human Resources.

Outstanding Issues From Previous Audit Inspection

Those were as follows:

- The total of Le193,865,000 collected by the hospital on diverse dates was not banked intact;
- Revenue cash books for laboratory and registration units were greater than the totals from the receipt books submitted by Le20,473,112 and Le54,247,000 respectively;
- 110 receipt books were also not presented for audit inspection;
- A comparison of the contract schedule of requirements and the ledger maintained for the receipt of diet revealed that diet for the period under review amounting to Le28,600,000 was short supplied; and
- Drugs supplied to the hospital totalled \$1,020 by the Central Medical Stores were not taken on ledger charge.

Refer to the Table Of Common Issues (Page 86) for further observations.

5.30 DISTRICT MEDICAL OFFICE-FREETOWN (2013)

Inadequate Supply of Essential Equipment And Other Facilities

The condition of the district stores were degrading, untidy, poorly ventilated, and lacked shelves for the proper storage of drugs. In addition, the stores were not spacious and the drugs in it were scattered. In some PHUs, there were inadequate storage facilities for the storage of vaccines; refrigerators and cold chain for the preservation of vaccines were not available. Essential items such as mattresses, bed screens, medicine trolleys, etc. were also found to be inadequate. Electricity supply was a challenge at the various PHUs. The District Health Sister however stated that power supply was a challenge at the hospital and the various PHUs but there were plans on the way to acquire solar panels. It was recommended that the DMO informed the relevant authorities to address the inadequacy regarding the store and ensured that the store was in a manner which would best preserve the drugs as required. The DMO should furthermore collaborate with the Freetown City Council and Western Area Rural District Council to ensure that the solar panels for those PHUs were acquired so that the drugs could be stored at the proper temperature.

Official's Response

The DMO noted that plans were underway to procure some of the essential equipment, rehabilitate the current store and provide additional stores in various PHUs.

Auditor's Comment:

No action had been taken to remedy the deplorable state of the District Stores. In addition, essential medical items had still not been provided to PHUs. Therefore, the issues are still outstanding.

Difference Between The Yellow Card Register And Bank Statement

The register showed a total of Le30,000,000, whereas the bank statement showed a total of Le26,000,000 leaving a balance of Le4,000,000 not accounted for. Yellow cards which cost Le4,165,000 were issued out as gratis without any documentary evidence. It was recommended that the FO should produce documentary evidence to support utilisation of the Le4,000,000; otherwise, those monies should be refunded in their entirety to the district account within thirty days of receipt of the report and evidence forwarded to the ASSL for verification. In future, revenue from the sale of yellow cards should be deposited into the bank account by the yellow card unit and paying-in-slip submitted to the finance unit. The DMO should also produce the policy on the issuance of yellow cards to gratis and produce evidence to support the issuance of yellow card to gratis otherwise the amount should be refunded.

Official's Response

The DMO stated that documentary evidence was available regarding monies that were not banked instantly. The register that recorded the yellow cards that were given as gratis was also available for audit inspection.

Auditor's Comment

A receipt dated 20th July, 2013 for the amount in question was submitted for verification. However supporting documents such as three requests for quotations, invoice and certificate of work done were however not submitted for verification.

A ledger showing the names of people who were issued yellow cards free of cost was submitted for verification. However approval from the DMO, and the policy on the issuance of yellow cards as gratis were not submitted for verification.

Outstanding Payment In Respect Of Cost-Recovery Drugs

Amounts totalled Le19,462,471 had still not been paid by various PHUs in respect of drugs supplied by the DMO on a cost-recovery basis. It was recommended that the DMO should recover the Le19,462,471 from the various PHUs and forward evidence of recovery to the audit office for verification within thirty days of the receipt of the report.

Official's Response

The DMO said he had officially written to the various PHUs that were mentioned in the audit report to commence payment in order to recover the outstanding payment of drugs. He added that documentary evidence will be available for audit inspection and evidence of written letter sent to the various units was also available for audit verification.

Auditor's Comment:

The correspondence written to the various PHUs reminding them to pay their outstanding balance was submitted for verification. However, the recovery is yet to be made.

Revenue Not Paid Into The Cost-Recovery Account

Cost-recovery drugs supplied by the Central Medical Stores to the District Health Management Team store which amounted to Le14,422,870 had not yet been paid into the cost-recovery account. It was recommended that the DMO ensured that the money was paid into the cost-recovery account and evidence of receipt forwarded to the audit office for verification within thirty days of the receipt of the report.

Official's Responses

With regards to monies that were not transferred to the cost recovery drugs account at Central Medical stores, the DMO said that there were lapses with the PHUs to pay those monies into the correct bank account. He however mentioned that management will ensure that those monies were transferred to the bank account with immediate effect in order to help reduce the risk of cash management problem, thereby enhancing proper supervision and monitoring of the sale of drugs.

Auditor's Comment:

The monies were still not transferred to the bank account. Therefore the issues are still outstanding.

Water & Sanitation

The Environmental Unit did not conduct monitoring and surveillance of water quality and sanitation of water points at various locations in the Western Area. In an interview with the unit head, it was revealed that the lack of vehicles, motorcycles and inadequate manpower were the main reasons why monitoring and surveillance were not carried out. It was recommended that the Director of the Environmental Unit should solicit funds from the Ministry of Health and Sanitation in order to secure the necessary items required for the regular monitoring and surveillance and reports kept for reference or audit purposes.

Official's Responses

The DMO said it was the duty of the Environmental Health Division to monitor and ensure water quality and sanitation service in Sierra Leone including western area. He however noted that during the period under review, he was not in charge of the division and therefore not in the position to authenticate any report pertaining that subject.

Auditor's Comment:

No action had been taken by the Environmental Unit to secure the necessary items required for the regular monitoring, surveillance of water quality and sanitation of water points in the Western Area. Therefore, the issue is still outstanding.

Port Health

There was no report on examinations carried out on food products imported into or exported out of the country. It was recommended that the examination of food imported or exported should be done on a regular basis and report of such exercise filed for audit and reference purpose.

Official's Response

The DMO stated that it was the duty of Port Health Officer to provide monthly activity report on all food items imported or exported out of Sierra Leone and since he was not in charge of the division, he could not verify why Port Health Officers were not able to produce monthly reports. He however said he had provided reporting templates to all unit heads to be providing monthly activity report.

Auditor's Comment:

Reports on the examination of food products, imported into or exported out of the country were not produced for verification. Therefore, the issue is still outstanding.

No Medical Waste Policy And No Supervision Of Medical Waste Disposal

Even though a unit had been established, it was observed that staff in the unit were not efficient and effective such that the incinerators at various hospitals were faulty and disposal of medical waste was done in the open causing serious health hazards for staff working in the hospital. It was recommended that the Manager of Medical Waste Unit should immediately start supervision of the disposal of these medical wastes and develop an enforceable policy that should be approved.

5.31 GOVERNMENT HOSPITAL MOYAMBA (2013)**Inadequate Doctors & Other Specialists**

There were insufficient medical and other specialist doctors assigned to the hospital. In an interview with key hospital management personnel, it was revealed that the hospital had only two medical doctors. A specialist doctor (on any category) they said, was yet to be assigned to the hospital. The audit team made several visits to the hospital at night and noted that, there was no doctor on duty or one on call at night in case of emergencies. Assigned nurses were however always on duty during those visits. There was no Hospital Secretary assigned to the hospital to manage its day-to-day administration. In an interview with the Hospital Management, it was stated that the hospital pharmacy must be opened at all times. It was however noted that, throughout the night visits, the pharmacy was closed, making it impossible for patient to access drugs in case of emergencies at night. It was therefore recommended that the Chief Medical Officer (CMO) in the Ministry of Health & Sanitation ensured that general doctors and other specialists were immediately assigned to the hospital.

Inadequate Control Over The Receipts, Recording And Storage Of Supplies In The Hospital

Hospital reporting tools, such as daily commodity register and request issue voucher were not always supplied to the hospital. The inventory control cards used to record and track free health care supplies to the hospital were not sufficient. There was no regular supply of electricity to the locations where drugs were kept. It was recommended that the MS ensured that adequate safeguards existed for the receipt, recording and storage of drug supplies to the hospital.

Inadequate Control Over The Collection And Banking Of Revenue

Out of the Le16,544,500 collected as revenue, only Le8,412,000 was banked, leaving an outstanding difference of Le8,132,500 not banked, but rather put into immediate use. Further investigation revealed that there was no evidence to show how this amount was expended by the hospital. It was therefore recommended that the MS ensured that adequate safeguards existed for the receipt, recording, banking and accounting of revenue received by the hospital. In addition, the revenue not banked, which totaled Le8,132,500 should be accounted for by the FO within 30 days of receipt of the report and payment details submitted to ASSL for verification.

Control Over The Receipt, Storage And Issuing Of Diets

Control weaknesses were observed in the receipt, storage and issue of diets supplied to the hospital. In addition, examination of controls around the management of diets revealed that the store records

were not properly maintained by the hospital matron in respect of diet supplied to the hospital for the period under review. There was no segregation of duties in the administration of diets supplied to the hospital. Examination of records in respect of diets supplied revealed that the hospital matron was the receiver, custodian and issuer of diets supplied to the hospital for the period under review. Therefore the auditors could not ascertain whether diets supplied, worth Le161, 239,468, were used for their intended purposes. In addition, an approved hospital menu to support the use of diets supplied was not available for inspection. It was therefore recommended that the matron should ensure that the prescribed store records were immediately obtained and put into use for all diets received and issued. An approved hospital menu/requisitions (giving number of patients) must be received from the hospital cook/nutritionist before issuing store items for accountability and control purposes. Furthermore, a detailed analysis of the use of diets supplied to the hospital, worth Le161,239,468, should be forwarded to the ASSL for verification within 30 days of receipt of the report, otherwise the full amount should be recovered from the hospital matron and paid back into the CRF.

Poor Management And Supervision

The following were observed by the audit team during an inspection of the hospital and its environs:

- There were a number of abandoned private vehicles and other scrapped metals in the hospital compound, creating breeding sites for mosquitoes;
- Toilets used by patients in wards were observed to be almost filled;
- Stints and the toilet doors were damaged;
- Most of the wards visited were observed to be empty;
- Most wards were without electricity;
- Only the matron's compound and one female ward had solar electricity supply during night leaving the rest of the compound in total darkness;
- The gates to the mortuary and store had long been damaged by a vehicle and nothing was done by the hospital management to repair or replace them;
- Essential units such as the dental and x- ray units had not been established in the hospital;
- An inspection of the stabilisation centre revealed that the unit was without a kitchen; and
- The care providers prepared food outside the ward within the hospital which may be hazardous to the patients.

It was therefore recommended that the Chief Medical Officer, PS and Hospital Management Team ensured that adequate measures were immediately instituted to address the issues raised in the report.

Poor Records Keeping

It was observed, from interviews with key personnel and examination of records that the administration of cost-recovery drugs in the hospital was very poor. Appropriate records, such as cashbook, prescription forms and receipts, were not maintained for cost-recovery drugs received and sold by the hospital for the period under review. It was therefore recommended that the MS should ensure that appropriate and relevant records, such as cashbooks, prescription forms and receipts are maintained for cost-recovery drugs received and sold by the hospital.

5.32 GOVERNMENT HOSPITAL KAILAHUN (2013)

Ineffective Internal Controls

A review of the District Health Medical Team's (DHMT) internal control and operating systems revealed the following issues:

- No risk assessment process was in place;
- There was loose control and daily operational activities were not adequately coordinated;
- There was no disaster recovery/business continuity plan in place;
- The Hospital Secretary was ineffective in administering daily operational activities;
- The composition of the Hospital Board was not known and no meetings were convened by the Board; and
- Monthly management meetings were not held by the hospital's top management for the period under review.

It was recommended that the DMO should ensure that:

- An appropriate risk assessment process/ policy is designed and communicated to all staff;
- A disaster recovery/business continuity plan is compiled and instituted by senior management;
- The Hospital Secretary performs his role according to his job description which would facilitate smooth operation of the hospital; and
- The Hospital Board is operational and meetings are held and recorded monthly.

Ineffective IT Control Environment

There was no antivirus software to update the Invoice Channel Management Software for the control and management of drugs and related store items. The auditors were unable to determine the extent to which regular backups were done. There were no maintenance schedules / plan for hardware utilisation, including laptop and desktop computers. It was recommended that the MS should ensure that an appropriate IT policy is designed to address antivirus matters, regular data backup and storage and a maintenance plan should be developed and implemented for the regular maintenance of computers and other electronic devices.

Inadequate Control Over The Collection, Recording And Banking Of Revenue

The collection, recording and banking of own source revenue were ineffective. This resulted in the following weaknesses:

- The sum of Le30,851,000 was collected by the hospital and put into immediate use;
- The sum of Le2,500,000 was given as a loan to the MS from own source revenue collected;
- There was no accountable documents register;
- Application letter(s) authorising the printing of receipt books was not seen or submitted for audit;
- Receipt books submitted for audit were not printed by the Government Printing Department;
- The auditors were unable to determine the quantity of receipt books printed, those issued and those at hand for the period under review;
- There was delay in the posting/recording of own source revenue collected;
- Own source revenue collected was not banked on the following day or at the earliest opportunity; and
- There was no evidence in the form of reconciliation statements to indicate that the hospital's bank accounts were reconciled.

It was recommended that the MS should ensure that:

- The FO produced the documents supporting the utilisation of Le30,851,000 within thirty days of the receipt of the report, or the amount be refunded immediately.
- The Le2,500,000 loan given to the MS is paid back immediately into the hospital account.
- An accountable document register is maintained immediately;
- The printing of receipt books is done by the Government Printer, authorised by the MS, and evidence of request and signed application letters maintained for reference;
- All public funds should be recorded in an appropriate accounting record and properly accounted for, in accordance with the regulation;
- Revenue generated by the various units is promptly paid into the hospital's bank account before put into use; and

The FO should prepare bank reconciliation statement for all the accounts, reviewed by a senior officer and forwarded to the audit office within thirty days from the date of receipt of the report.

Inadequate Control Over The Management And Distribution Of Cost-Recovery Drugs

51,850 units of assorted cost-recovery drugs were issued without store issue vouchers. The environmental condition of the store was unpleasant. The store was not spacious, there were no air conditioners and it lacked adequate ventilation. It was recommended that the MS ensured that all issues from store are supported by authorised store issue vouchers and the condition of the store is improved to meet health and safety standards.

Inadequate Control Over The General Processing Of Payment Vouchers

Le11,711,000 was spent on goods and services for which payment vouchers were not prepared. In addition, petforms in respect of devolved functions were not appropriately coded and differences were noted between the date of the transaction and the date they were recorded. Furthermore, vote service ledger/cashbook was not maintained by the hospital and no record was done for allocations received/expenditures incurred. It was recommended that the MS prepared the payment vouchers for the utilisation of Le11,711,000 within thirty days of the receipt of the report; or refunded the amount there and then. All PET forms should be uniquely coded for ease of reference, and transactions should be recorded immediately payments are made. A vote service ledger/cashbook should be maintained to record transactions. All expenditure incurred should be evidenced on pre-numbered payment vouchers, supported by relevant documentations and cross referenced.

Inadequate Control Over The Distribution And Usage Of Fuel

There were no fuel usage reports, register and chits to justify the utilisation of fuel which amounted to Le116,000,000. It was recommended that the MS should ensure that records for the utilisation of Le116,000,000 should be forwarded to the ASSL within thirty days of the receipt of the report, otherwise, the full amount should be refunded .

Unpresented Documents

The following accountable documents were not made available for audit inspection:

- Delivery notes to justify the number of receipt books printed and delivered;
- Bank reconciliation statements;

- Strategic plan;
- Accountable documents register;
- Vote service ledger/Cashbook;
- Staff personal files;
- Attendance registers;
- Monthly payroll for payments to casual workers and other auxiliary staff;
- Staff movement reports;
- Vehicle log book/operating record;
- List of fuel purchased;
- Fuel register;
- Fuel distribution list and chits;
- Fuel consumption reports; and
- Monthly monitoring and evaluation report.

General Observation

The hospital did not provide any form of dental service to residents of Kailahun District. In addition, the hospital's incinerator built for the disposal of medical and clinical waste was not operational. Furthermore, though there is a mortuary in the hospital, it lacked refrigerators and other equipment. The hospital also did not have an X-ray department and X-ray services even though the equipment had been supplied four years ago, with a staff trained to operate the facility. It was therefore recommended that the MS should ensure that the needs of the various hospital units are met to facilitate the smooth and efficient delivery of medical services to the general public.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.33 GOVERNMENT HOSPITAL – KONO (2013)

Ineffective Internal Controls

A review of the Hospital's internal control and operating systems revealed the following issues:

- No risk assessment process was in place;
- There was loose control and daily operational activities were not adequately coordinated;
- There was no disaster recovery/business continuity plan in place;
- The composition of the hospital board was not known and meetings were convened by the board; and
- Monthly management meetings were not held by the hospitals' senior management for the months of January, February, May, July and September 2013;

It was recommended that the MS should ensure that:

- An appropriate risk assessment process/ policy is designed and communicated to all staff;
- A disaster recovery/business continuity plan is compiled and put in place by senior management;
- The hospital secretary performs his role according to his job description which would facilitate smooth operation of the hospital; and
- The Hospital Board is operational and meetings are held and recorded monthly.

Ineffective IT Control Environment

There was no antivirus software to update the Invoice Channel Management software for the control and management of drugs and related store items. The auditors were unable to determine the extent

to which regular backups were done. There were no maintenance schedules / plan for hardware utilisation, including laptop and desktop computers. It was recommended that the MS should ensure that an appropriate IT policy is designed; one that addresses antivirus matters, regular data backup and storage; and a maintenance plan should be developed and implemented for the regular maintenance of computers and other electronic devices.

Inadequate Control Of The Collection, Recording And Banking Of Revenue

The following were observed:

- Revenue collected by various units for which receipts were not issued amounted to Le50,555,000;
- Revenue collected which totaled Le78,605,000 was not banked, and there were no evidence to show how it was utilised;
- Application letter(s) authorising the printing of receipt books were not submitted for audit and receipt books submitted were not printed by the Government Printing Department and were not pre-numbered;
- The auditors were unable to determine the quantity of receipt books printed, the quantity issued and the quantity at hand for the period under review; and
- There were delays in the posting/recording of own source revenue collected and not banked on the following day or at the earliest opportunity.

Outpatient Department

Revenue collected on the 9th and 10th of September, 2013 was not recorded in the outpatient revenue register.

Cost-Recovery Unit

Cost-recovery drugs sold for the months of May, June and July 2013 were not recorded in the cost recovery revenue register. From the 1st to 16th of October 2013, records of sales made were not recorded in the cost revenue register.

Female Medical and Surgical Ward

For the months of July to December 2013, records of admissions made by this ward were not disclosed in the admissions register. As a result of this, the auditors were unable to determine the total amount of revenue collected during these months. There were no reconciliation statements to indicate that the hospital's bank accounts were reconciled.

It was recommended that the MS should ensure that:

- The FO produced the documents supporting the banking and/or utilisation of Le78,605,000 within thirty days of the receipt of the report, or the amount refunded there and then;
- All public funds are recorded in an appropriate accounting record and properly accounted for, in accordance with the above regulation;
- The printing of receipt books is done by the Government Printer, authorised by the MS, and application letters maintained for references;
- Revenue generated by the various units is promptly paid into the hospital's bank account before being used; and

- The FO prepares bank reconciliation statements for all the accounts and reviewed by a senior officer, then forwarded to ASSL within thirty (30) days from the date of receipt of the report.

Inadequate Control Over The General Processing Of Payment Vouchers

A total of Le7,882,000 was withdrawn from the hospital's own source revenue account without payment vouchers and no relevant documentary evidence like receipts and certifications. In addition, Le403,500,000 in respect of quarterly allocations made by the Koidu New Sembehun City Council was not adequately retired. Furthermore, PET forms for transactions were not appropriately coded and differences were noted between the date of the transaction and the date they were recorded. A vote service ledger/cashbook was also not maintained by the hospital and no record was done for allocations received/ expenditures incurred. It was recommended that the MS should forward the relevant evidence in respect of the above expenditure to ASSL within thirty days of the receipt of the report; or the amount of Le411,382,000 refunded immediately to the CRF. He should also ensure that all expenditure incurred be evidenced on pre-numbered payment vouchers and supported by relevant documentations and cross referenced, all PET forms should be uniquely coded for ease of reference, and transactions should be recorded immediately payments are made. Furthermore, a vote service ledger/cashbook should be maintained to record all transactions.

Inadequate Control Over The Distribution And Usage Of Fuel

There were no fuel usage reports register and chits to justify the utilisation of fuel worth Le93,692,513. There were also no records such as log books to show precisely how the sum of Le65,000,000 was spent for servicing and repairs of motor vehicles, motorbikes and generators. It was recommended that the MS should ensure that records for the utilisation of Le158,692,513 should be forwarded to the ASSL within thirty days of the receipt of the report, or the full amount refunded there and then. Records of fuel and repairs should also be maintained according to the Sections 236(1, 2 & 5) of the Financial Management Regulations 2007.

Inadequate Control Over The Management And Distribution Of Free Health Care And Cost Recovery Drugs

Physical stock count revealed that 125 units of assorted free health care drugs were not accounted for by the hospital store. Expiry dates were not indicated on the inventory control cards for 35,000 units and 640 units of assorted free health care and cost-recovery drugs respectively. 38,135 units of assorted free health care drugs were not brought to account. Delivery notes/way bills/invoices to justify that these drugs were received by the district medical store were not submitted. There was no evidence in the form of delivery notes to justify the quantity and specification of medical and other consumables which amounted to Le142,000,000 and they were not taken into ledger charge for the period under review. It was recommended that the MS produced all documentary evidence to support the receipt and issue of drugs and medical consumables highlighted within thirty days of the receipt of the report, or the sums involved refunded immediately. In future, all store items received and issued must be entered in a store ledger, and evidenced on delivery note and store issue voucher /recipients' signature respectively, in accordance with the Financial Management Regulations, 2007.

General Observation

Pediatric Ward:

- Beds for hospitalised children were insufficient, thus resulting in bed sharing;
- There was poor ventilation in the ward;
- Beds were damaged and without cabinet; and
- The ward lacks an oxygen machine.

Male Surgical Ward:

- The physical condition of the toilet was unhygienic with faeces on toilet seats;
- There were no stretchers or trolleys for the movement of patients and medication within and out of the ward;
- Beds were damaged and without cabinet;
- The ward lacked oxygen machines;
- Mattresses were damaged and bed cloths/coverings were not available; and
- The ward lacked a blood pressure machine.

Kitchen

- The hospital's kitchen was located closely to the mortuary and the incinerator;
- The kitchen's structure was damaged with no proper ventilation;
- There were no shelves in the kitchen and food items were loosely scattered on the floor;
- Refrigerator for the storage of perishable food items was not available;
- There was no electricity in the kitchen; and
- Kitchen staffs were inadequate.

X-ray machine

An x-ray machine that was supplied to the hospital since 2007 had not been installed. It was therefore recommended that the MS should ensure that the needs of the various hospital units are met to facilitate the smooth and efficient delivery of medical services to the general public.

Unpresented Documents

The following accountable documents were not made available for audit inspection:

- Delivery notes to justify the number of receipt books printed and delivered;
- Bank Reconciliation Statements;
- Strategic plan;
- Accountable Documents Register;
- Vote Service Ledger/Cashbook;
- Staff Personal Files;
- Attendance Registers;
- Monthly payroll for payments to casual workers and other auxiliary staff;
- Staff Movement Reports;
- Vehicle Log Book/Operating Record;
- List of fuel purchased;
- Fuel Register;
- Fuel Distribution List and chits;
- Fuel consumption reports; and
- Monthly monitoring and evaluation report.

It was recommended that the MS should establish a systematic filing system for the safe custody of all accountable documents; and the above documents should be forwarded to ASSL within thirty days of the receipt of the report; otherwise, Section 18 of the Audit Service Act, 1998 would be invoked.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.34 GOVERNMENT HOSPITAL KAMBIA (2013)

Dietary Supplies Not Accounted For

A comparison of the contract documents and delivery notes, in respect of the supply of dietary items to the hospital, revealed that dietary items amounting to Le28,446,000 were neither recorded in the caterer's ledger nor accounted for. It was recommended that the MS should ensure that the dietary items in question should be accounted for within thirty days of the receipt of the report; otherwise this may be considered a financial misconduct and in future, all the dietary items supplied to the hospital should be properly accounted for.

Official's Response

The DMO stated that the contract document for the contractors was never made available to the MS. He said that the first contractor was not performing and this resulted in a tussle between the hospital administration and council which was not easy for him. He added that the new contractor had been complaining that the escalating cost of food items and transportation had been making it almost impossible for them to meet their expectation.

Auditor's Comment

The audit recommendation was not implemented.

Issues Affecting The Hospital's Operations

There was only one Medical Doctor/MS who was attending to patients and at the same time performing administrative functions. As a result of that, undue delays were noted in the hospital's response to referral and emergency cases. The hospital lacked vital equipment such as Incubators for premature birth, X-Ray machines, Oxygen and Blood Pressure machines etc. It was recommended that the MS should ensure that a request for more doctors be made to the Ministry of Health and Sanitation and the management of the hospital should in collaboration with the Kambia District Council factor in its annual budget, the procurement of all the necessary equipment that will enable the hospital to function effectively.

Auditor's Comment:

There was no evidence to indicate the extent of implementation of the audit recommendations.

5.35 GOVERNMENT HOSPITAL KABALA (2013)

Revenue Not Brought To Account

A comparison between the amount of cost recovery drugs sold and the amount of sales deposited into the hospital's bank account revealed a difference of Le16,032,419 that was not accounted for. It was recommended that the MS should ensure that the amount be accounted for within thirty days of the receipt this report; otherwise this may be considered a financial misconduct. In future, all funds generated from the sale of cost recovery drugs should promptly be paid into the hospital's account.

Official's Response

The MS stated that management wished to inform that the amount queried was as a result of the hospital maintaining two cost recovery drugs account. He mentioned that during the year, directives were received from headquarters to open a new cost recovery drugs account which was managed and controlled by headquarters. He further stated that management could not request for bank statement of that account because they are not signatories to the account.

Auditor Comment

The payment of the amount into the bank account could not be verified in the absence of the bank statement.

Inconsistency Between Delivery Note And Goods Received Note

A comparison of the Delivery Note and Goods Received Note, in respect of the procurement of kitchen utensils, revealed a difference of Le18,145,000. It was recommended that the MS should ensure that the kitchen utensils that were not accounted for by the Stores department were made available for verification within thirty days of the receipt of this report; otherwise the difference of Le18,145,000 should be refunded. In future, all items delivered to stores should be in accordance with their contract documents and delivery notes.

Official's Response

The MS stated that it was a lapse on the part of the procurement officer of council who failed to ensure that the supplier delivered the right quantity of items. He said that was communicated to the council but no action was taken.

Auditor's Comment:

The audit recommendation was not implemented.

Hospital Board not operational

There was no evidence in the form of minutes and other correspondence to indicate that the hospital board that was established in accordance with the Hospital Boards Act, 2003, was operational for the period under review. It was recommended that the Chairman should ensure that the hospital's board should be operational and vibrant. In addition, the meetings in respect of the board should be conducted regularly and the proceedings of such meetings should be appropriately documented and copies filed for audit and reference purposes.

Auditor's Comment:

No action has been taken on this matter.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.36 GOVERNMENT HOSPITAL PORT LOKO DISTRICT (2013)**Revenue Not Accounted For**

A comparison between the fees and charges receipt register and bank statement revealed differences of Le11,568,450 that were not accounted for. It was recommended that the difference should be accounted for within thirty days of the receipt of the report, otherwise this may be considered a financial misconduct and in future, all the revenue generated by the hospital should be promptly paid into the hospital's account.

Official's Response

The hospital superintendent stated that the receipts for some of the transactions had been retrieved. For the others, he said payments were made to some staff who signed to justify the receipt of such funds and those documents were available for verification. Regarding the drugs, the FO said he had seen the slips that summed up the amount that was queried.

Auditor's Comment

The auditors verified supporting documents which amounted to Le6,449,000 with a balance of Le5,119,450 outstanding.

Free Health Care Drugs Not Accounted For

Free health care drugs worth Le7,300,000 as per the channel system invoice, were neither recorded in the hospital's inventory control cards/dispense book nor seen physically for verification. It was recommended that the MS should ensure that an account of the drugs in question be given by the storekeeper within thirty days of the receipt of the report; otherwise, the full amount should be refunded; and in future, the receipt and issue of all free health care drugs should be properly accounted for.

Unsatisfactory Response To Referral And Emergency Cases

The number of doctors employed by the ministry was not enough to cope with the demands of the hospital. It was observed that the hospital had only two medical doctors (including the MS) who were attending to patients on a daily basis. As a result, there were undue delays in the hospital's response to referral and emergency cases. It was recommended that the MS should request for more doctors from the Ministry of Health and Sanitation.

Auditor's Comment:

There was response and therefore no evidence to indicate the extent of implementation of our recommendation.

Deplorable Toilet Facilities

The state and condition of the hospital's toilets were deplorable. There was no water in the toilets, the toilet seats and windows were broken and the environment was far from being pleasant. It was recommended that the Hospital Secretary ensured that the necessary repairs in the toilets were done. A hand-dug well, with an electric pump should be constructed for the supply of water to all the toilets in the hospital; and toilet attendants should be employed for the cleaning of all the hospital's toilets on a daily basis.

Auditor's Comment

The audit recommendation was not implemented.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.37 DISTRICT MEDICAL OFFICE MOYAMBA DISTRICT (2013)**Expired Free Health Care Drugs**

Expired drugs which had been collected from various PHUs in the district were still kept in the premises of the hospital in Moyamba. Those drugs were found packed on the floor of the hospital mortuary. It was recommended that the District Logistics Officer (DLO) should take cognisance of

the lead time of those drugs before accepting them in store and the DMO should ensure that necessary procedures were followed for the removal and destruction of expired drugs in the district store.

Poor Records Keeping

Interviews with key personnel and examination of records revealed that the administration of cost-recovery drugs in the district was very poor. Appropriate records, in respect of issue of drugs from the district store and accounting for those drugs were not maintained by either the district store or the recipients. It was recommended that the district storekeeper should ensure that an allocated store ledger was maintained into which all store items were recorded upon receipt before issued out. In addition, details of how those store items were accounted for by the unit must be submitted to the audit office for verification; failing which the amount involved must be recovered and paid back into the CRF.

Inadequate Control Over Disbursement Of Donor Funds

A review of the receipt and disbursement of donor (UNICEF, Global Fund, etc.) supported activities in the district revealed that payment vouchers in respect of all bank withdrawals were not raised by the DHMT for the period under review. It was also observed that supporting documents such as payment vouchers, invoices, delivery notes, distribution lists, receipts etc. were not attached to selected bank withdrawals to justify the payments for goods and services which amounted to Le183,890,500.

Inadequate Control Over Revenue Administration

An evaluation of the control over revenue administration in the Births & Deaths Unit of the Ministry revealed that an accountable documents register, recording the receipt and issue of births and death certificates by the ministry, was not submitted for inspection. As such, the audit team was unable to ascertain total certificates received and issued by the unit. In addition, a cashbook or revenue register was not maintained to record proceeds from sale of birth certificates. There was also no records (receipt books, bank paying-in slip, bank statements, etc.) maintained by this unit to account for those proceeds. It was recommended that the DMO should maintain an accountable documents register to account for births and deaths certificates received and issued by the unit. In addition, an analysis of all certificates received and issued by the unit was to be submitted to ASSL for verification within thirty days of receipt of the report. Furthermore, revenue cashbook and receipt books was to be maintained for the sale of certificates, and proceeds from sale of certificates for the period under review should immediately be brought to account by the official in-charge of the unit within 30 days of receipt of the report, otherwise the matter would be forwarded to the Anti-Corruption Commission for further investigation.

Lack of adequate Facilities in the Maternal School

The team visited the maternal school and observed that the classroom was inadequate to accommodate fifty-nine (59) students. There were also no library and toilet facilities. It was recommended that the DMO in collaboration with the training coordinator ensured that adequate classrooms, library and toilet facilities were provided for the school.

Poor Administration And Management Of Selected PHUS

The team visited some health facilities in the district and observed the following:

- Some of the PHUs were difficult to access due to bad terrains;
- Priority drugs were either not supplied to the PHUs or not supplied in time, or were not enough to meet the demands of the targeted population;
- Slow instead of fast moving drugs were supplied to the PHUs;
- There were also no vehicles, motorbikes or bicycles to ease transportation in all of the PHUs visited;
- Some PHUs visited were without electricity, solar panel or generators, therefore flash lights were used in labour rooms to perform work at night;
- The staff strength required to carry out effective health functions was not sufficient to meet the demands of the community;
- There were no official staff quarters in most of the facilities visited;
- There was no evidence to indicate that remote area allowances were paid to staff;
- Interviews with key personnel revealed that most of the facilities visited did not receive performance based funds to support their day-to-day operations;
- The facilities lacked good delivery beds, standing scale and blood pressure machines;
- There was poor record keeping in respect of drugs supplied to the various health facilities;
- The inventory control cards maintained at the facilities were not labelled to differentiate free health care drugs and cost-recovery drugs supplied to the PHUs; and
- In some of the facilities visited, there was no segregation of duties.

It was recommended that the DMO should ensure that a thorough review was done on PHUs operations in the district. Appropriate measures must also be taken to upgrade their operations by addressing the few observations that had been raised in the report.

Inadequate Internal Control Environment In The Ministry

It was observed that there was no evidence of review or report by the internal audit units in the ministry's headquarters in Freetown or council for the period under review. In addition, there was no segregation of duty at the district medical store and no storekeeper and store clerk in the district medical store. It was recommended that the PS-MOHS, Chief Administrator (CA)- Moyamba District Council and DMO should ensure that periodic audits were carried out and reports issued by the internal audit units, all financial documents returned to the FO and those charged with governance should identify ways and means to ensure that those issues were addressed within the shortest possible time.

5.38 PRIMARY HEALTH CARE KAMBIA DISTRICT (2013)

Sales From Cost Recovery Drugs Not Accounted For

A comparison of the supply vouchers of cost recovery drugs and the bank statements revealed that the sum of Le 82,151,000, in respect of the sale of cost recovery drugs by the PHUs, was not accounted for. It was recommended that the DMO should ensure that the amount was recovered from the concerned PHUs and paid into an authorised bank account within thirty days of the receipt of the report and in future, the DMO should ensure that the revenue generated from the sale of cost recovery drugs was promptly paid into an authorized bank account of the Ministry of Health and Sanitation.

Official's Response

The DMO stated that the DHMT supplied the medicines to the PHUs for the cost recovery system under the guidance of the District Pharmacist. He added that the Central Medical Stores had opened an account in the District which could not be accessed by the DHMT. He further stated that the PHUs pay the cost recovery amount into that account and not to the DHMT as the DHMT could only encourage the PHU staff to pay and was devising strategies for them to pay. He said that some of the reasons for the low payment of the PHUs included high pricing for some drugs by the CMS, pricing of consumables such as gauze, cotton wool, and antiseptics for which patients did not pay.

Auditor Comment

There was no evidence to indicate that the Le 82,151,000 had been recovered.

Study Leave Granted To Staff Members Without Evidence Of Approval From The Ministry

There was no evidence in the form of approval letters or other correspondence from the Ministry of Health and Sanitation to justify the study leave which was granted to eight (8) staff members of the PHC. It was recommended that the DMO should forward the letters of approval in respect of the study leave to ASSL for verification and in future, approval should be given by the Ministry for all study leave granted to staff members.

Official's Response

The DMO stated that the process of study leave without approval was a case for the Human Resource Department at the Ministry Headquarters. He mentioned that the DHMT Kambia did not have the mandate to approve or stop any health worker who decided to go on studies. He however said that the only mandate was to send monthly attendance list stating whether the staff were present or absent to the Human Resource Department of the Ministry of Health and it was the responsibility of the Human Resource Department to get a staff off the payroll if they were not regular at work.

Auditor Comment

The letters of approval were not made available for verification.

5.39 DISTRICT HEALTH MEDICAL TEAM– KONO (2013)**Ineffective Internal Controls**

A review of the District Health Medical Team's internal control and operating systems revealed the following issues:

- No risk assessment process was in place;
- There was loose control and daily operational activities were not adequately coordinated;
- There was no disaster recovery/business continuity plan in place;
- The composition of the hospital board was not known for the period under review;
- Meetings were convened by the Board;
- Monthly management meetings were not held by the hospitals' top management for January, February, May, July and September of 2013; and
- There were no reports to show that activities of the Primary Health Units within the district were effectively supervised and monitored.

It was recommended that the DMO should ensure that:

- An appropriate risk assessment process/ policy is designed and communicated to all staff;
- A disaster recovery/business continuity plan is compiled and put in place by senior management;

- The activities and operations of all primary health units are supervised and monitored on a regular basis and reports of such supervision and monitoring filed for reference; and
- Meetings are held and recorded monthly.

Ineffective IT Control Environment

There was no anti-virus software to update the Invoice Channel Management software for the control and management of drugs and related store items. The auditors were unable to determine the extent to which regular back-ups were done because the IT Personnel attached to the store was absent during the audit period. There were no maintenance schedules / plan for hardware utilisation, including laptops and desktop computers. It was recommended that the DMO should ensure that an appropriate IT policy is designed that addresses antivirus matters regular data back-up and storage of data and a maintenance plan developed and implemented for the regular maintenance of computers and other electronic devices.

Revenue Not Brought To Account

Bank deposit slips and monthly returns for cost-recovery drugs supplied to various Primary Health Units which amounted to Le17,856,400 were not produced for inspection. In addition, Le2,645,266 collected by the Eye Clinic Department was not paid into DHMT account but rather deposited into the personal account of the Eastern Regional Eye Clinic Coordinator. It was recommended that the DMO should ensure that the sum of Le17,856,400 was collected from the PHUs and paid into the Central Medical Store's Account within thirty days of the receipt of the report. Revenue from the sale of cost-recovery drugs should also be promptly paid into the designated bank account.

Inadequate Monitoring And Reporting Of Activities Implemented

There were no monitoring and evaluation reports to justify the utilisation of Le265,100,000 for the implementation of various activities. It was recommended that the district medical officer ensured that regular monitoring and evaluation was carried out and reports supporting the use of those funds were produced within thirty days of the receipt of the report; otherwise the amount of Le265,100,000 should be refunded.

Inadequate Control Over The Distribution And Usage Of Fuel

There were no fuel usage reports, register and chits to justify the utilisation of fuel worth Le157,506,381. In addition, there were no records such as log books to show precisely how Le107,500,000 was spent for servicing and repairs of motor vehicles, motorbikes and generators. It was recommended that the DMO should ensure that the records for the utilisation of Le265,006,381 is forwarded to ASSL within thirty days of the receipt of the report; or the full amount refunded immediately. In addition, records of fuel and repairs should be maintained according to the regulation.

Inadequate Control Over The Management And Distribution Of Free Health Care And Cost Recovery Drugs

There were no evidence of recipients' signatures for invoices produced by the channel software for 15,866 units of free health care drugs supplied to four (4) primary health units. There was no evidence such as: delivery note/ way bill/Invoice to confirm that 452,317 units of assorted free health care drugs were taken into store. Physical stock count revealed that 610 units of assorted free

health care drugs were not accounted for by the District Medical Store. 18,481 units of assorted cost-recovery drugs worth Le17,856,400 were received during the period along with the following issues:

- Delivery notes/way bills to justify the quantities and specification received were not seen;
- Those drugs were not taken on ledger charge;
- Store issue voucher and distribution list to justify the use and allocation of these drugs were not available for audit; and
- There were no evidence in the form of delivery notes to justify the quantity and specification of medical and other consumables worth Le117,000,000 that were not taken into ledger charge for the period under review.

It was recommended that the DMO should ensure that all documentary evidence to support the receipt and issue of drugs and medical consumables highlighted, were produced within thirty days of the receipt of the report, otherwise the sums involved must be refunded there and then. It was further recommended that in future, all store items received and issued must be entered in the store ledger, evidenced on delivery note and store issue voucher/recipients' signature respectively in accordance with the Financial Management Regulations, 2007.

Unpresented documents

The following accountable documents were not made available for audit inspection:

- Supporting documentations for allocations received;
- Strategic plan;
- Accountable documents register;
- Vote service ledger/cashbook;
- Staff personal files;
- Attendance registers;
- Monthly payroll for payments to casual workers and other auxiliary staff;
- Staff movement reports;
- Vehicle log book/operating record;
- List of fuel purchased;
- Fuel register;
- Fuel distribution list and chits;
- Fuel consumption reports; and
- Monthly monitoring and evaluation report.

It was recommended that the DMO ensured that a systematic filing system was established for the safe custody of all accountable documents and the above documents should be forwarded to the audit office within thirty days of the receipt of the letter; otherwise, Section 18 of the Audit Service Act, 1998 would be invoked.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.40 DISTRICT HEALTH MEDICAL TEAM-KAILAHUN (2013)

Ineffective Internal Controls

A review of the District Health Medical Team's (DHMT) internal control and operating systems revealed the following issues:

- No risk assessment process was in place;

- There was loose control and daily operational activities were not adequately coordinated;
- There was no disaster recovery/business continuity plan in place;
- The composition of the hospital board was not known for the period under review;
- Meetings were not convened by the board;
- Monthly management meetings were not held by the hospitals' top management for the period under review; and
- There were no reports to show that activities of the Primary Health Units (PHU) within the district were effectively supervised and monitored.

It was recommended that the DMO should ensure that:

- An appropriate risk assessment process/ policy is designed and communicated to all staff;
- A disaster recovery/business continuity plan is compiled and put in place by senior management;
- The activities and operations of all primary health units are supervised and monitored on a regular basis and reports of such supervision and monitoring filed for reference; and
- Meetings are held and recorded monthly.

Ineffective IT Control Environment

There was no anti-virus software to update the invoice channel management software for the control and management of drugs and related store items. The auditors were unable to determine the extent to which regular backups were done. There were no maintenance schedules / plan for hardware utilisation, including laptop and desktop computers. It was recommended that the DMO ensured that an appropriate IT policy was designed to address antivirus matters, regular data backup and storage, and a maintenance plan developed and implemented for the regular maintenance of computers and other electronic devices.

Revenue Not Brought To Account

Bank deposit slips and monthly returns for cost-recovery drugs supplied to various primary health units which amounted to Le77,424,302 were not produced for inspection.

Inadequate Control Over The Management And Distribution Of Free Health Care & Cost-Recovery Drugs

It was observed that drugs were issued without store issue vouchers. The environmental condition of the store was far from being pleasant and the store was not spacious. There were also no air conditioners and it lacked adequate ventilation. Physical verification also revealed that expired drugs were held in the store with no evidence to show that those drugs were destroyed or returned to the central medical store in Freetown. It was recommended that the MS ensured that all issues from stores were supported by authorised store issue vouchers, and the condition of the store improved to meet health and safety standards.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.41 DISTRICT MEDICAL OFFICE BONTHE DISTRICT (2013)

Inadequate Control Over The Receipts And Recording Of Supplies In The District Store

Plumpy nuts and Amoxicillin recorded in waybills were not entered into the channel invoice system of the Central Medical Stores in Freetown and there were no records in the district store to show how those items were distributed. Selected series of supplies and the channel delivery system were

examined and a reconciliation exercise carried out by the audit team. It was however revealed that differences were noted between the total drugs supplied as reported in the channel system and those in the inventory control cards. Furthermore the distribution matrixes in respect of selected drugs to various PHUs and other health facilities for the first and third quarters were not signed by the storekeeper and the district logistic officer. Those matrixes were also not signed by the district medical officer to signify approval or authorisation of the said distribution.

It was recommended that:

- The Storekeeper must ensure that all free health care supplies are entered in the channel invoice system and supplies made to district medical store are accompanied by channel invoices;
- The district medical officer and the district storekeeper must ensure that the documentary evidence to support the utilisation of these items are produced within thirty days of receipt of this report, or he must refund the invoice value of those items;
- The storekeeper must ensure that differences identified between the total drugs supplied as reported in the channel system and those in the inventory control cards are investigated and a report submitted to the ASSL for verification;
- The storekeeper should ensure that distribution matrixes and gate passes are signed by all parties involved and approved by DMO for all free health care supplies distribution; and
- The storekeeper must ensure that the approved distribution matrixes for first and third quarters are produced within thirty days of receipt of this report for verification.

Expired Free Health Care Drugs

Expired drugs were still kept on the premises of the DHMT in Bonthe District. Those drugs occupied a large space in the district store thereby affecting the storage facility of the current and useful drugs. It was recommended that those charged with governance must ensure that expired drugs were collected and destroyed on a timely basis.

Verification Of Stock Balances

A stock taking was done by the audit team on the district store to ascertain whether stock balances and the inventory control cards reconciled or not and investigate reasons thereof. It was however observed that there were differences between stock balances in the inventory control cards and the physical stock count that was carried out by the team. It was recommended that the storekeeper must ensure that differences identified between the inventory control cards and the physical stock counts were investigated and a report submitted to the ASSL for verification.

Poor Records Keeping

It was revealed from interviews with key personnel and examination of records that the administration of cost recovery drugs in the district was very poor. Appropriate records in respect of issue of drugs from the district store and accounting for those drugs, were not maintained by either the district store or the recipients. It was recommended that the head of unit should ensure that an allocated store ledger should be maintained and details of how those store items were accounted for by the unit must be submitted to ASSL for verification; failing which the amount involved must be recovered and pay back into the CRF.

Arrears Of Drugs Supplied To Various Health Facilities

Out of Le66,354,000 worth of cost recovery drugs supplied to various health facilities only Le12,622,000 was supported as been paid into the designated account by those health facilities. The balance of Le53,732,000 was still outstanding. In an interview with selected recipients, it was revealed that some of the drugs were slow-moving rather than fast-moving drugs and so difficult to be easily sold. Some of the stocks were still being held by the recipients. It was recommended that the DMO should ensure that the proceeds of cost recovery supplies were properly accounted for and all outstanding balances recovered and deposited into the cost recovery account.

Inadequate Control Over Disbursement Of Donor Funds

A review of the receipt and disbursement of donor (UNICEF, GLOBAL FUND, etc.) supported activities in the district revealed that Payment vouchers (PV), in respect of all bank withdrawals were not raised by the DHMT for the period under review.

Inadequate Control Over The Distribution And Usage Of Fuel

Requisitions were not raised for the usage of fuel and oil. In addition, some of the fuel chits recorded in the fuel register were not presented for audit. Furthermore, monthly/quarterly reconciliations were not carried out between the ministry and the fuel station. Moreover, fuel chits which amounted to Le24,633,500 were not recorded in the fuel register. Out of Le82,500,000 allocated to the ministry by the Bonthe District Council, only Le40,691,950 was supported by utilisation details leaving an outstanding balance of Le41,808,050 not accounted for by the ministry. It was recommended that the FO should ensure that monthly/quarterly reconciliations were carried out between the ministry and the fuel station and the evidence on the utilisation of Le41,808,050 forwarded to ASSL for verification within thirty days of receipt of this report; otherwise the amount involved must be paid back into the CRF.

Poor Administration And Management Of Selected PHUs

The team visited some health facilities in the district. Below are general observations on the operations of those facilities:

- Gate passes prepared for each PHU supplies leaving the District Medical Store were not signed by the Dispatch Bay Officer and approved by the DMO or his representative;
- Channel invoices were not available to reconcile supplies made to various PHUs using the inventory control cards;
- Some of the free health care supplies recorded in the channel delivery system in the district store reportedly issued to selected PHUs were not received by those facilities;
- Priority drugs were either not supplied to the PHUs, supplied on time, or were not enough to meet the demands of the targeted population;
- Slow moving drugs were sometimes supplied to the PHUs instead of fast moving ones;
- There were no vehicles, motorbikes or bicycles to ease transportation in all the PHUs visited;
- Most of the PHUs visited were without electricity, solar energy or generators and torch lights were used to perform work at night;
- The staff strength required to carry out effective health functions sufficient to meet the demand of the community was not adequate in most of the facilities visited;
- The health facilities were being assisted by volunteers from the Traditional Birth Attendants (TBAs) and community health workers within the chiefdom;

- There were no official staff quarters in most of the facilities visited;
- There was no evidence to indicate that remote area allowances were paid to staff;
- From interviews with key personnel, most of the facilities visited did not receive performance based fund to support their day-to-day operations;
- The facilities lacked good delivery beds, standing-scales and BP machines;
- There were poor records keeping in respect of drugs supplied to various health facilities;
- The inventory control cards maintained at the facilities were not labelled to differentiate free health care drugs and cost recovery drugs supplied to the PHUs; and
- In some of the facilities visited, there was no segregation of duties and the in-charges were in control of the receipt, storage and issue of drugs.

It was recommended that the DMO should ensure that a thorough review was done on PHUs operations in the district and appropriate measures/actions must be taken to upgrade their operations by addressing the few observations that had been raised in the report.

Unreliable IT/IS Operating Environment

In an interview with the Information Technology (IT) Channel Operator, it was revealed that:

- The IT channel system became slower as the volume of data inputted into it increased;
- Removal of back-up data prevented one from accessing that particular data;
- The system is virus friendly; the anti-virus software installed on the computers have long expired and should be upgraded;
- There was inadequate office space for the IT channel operator;
- There were lack of repairs and maintenance to computers;
- Two desktop computers were said to be out of service due to lack of maintenance; and
- The system of user ID and passwords seemed to be insecure.

It was recommended that the PS-MOHS, IT Channel Operator and DMO should ensure that a thorough review was carried out on the IT/IS operations of the district medical store and appropriate steps taken for its upgrade to prevent any loss to the ministry.

Inadequate Control Over Staff Records

Staff personnel files were not properly kept. They lacked vital documents such as certificates and appraisal forms. The names of three (3) staff on the staff list had attained/exceeded the retirement age of 60 years. It was recommended that the DMO should ensure that staff personal files were immediately updated with the relevant information and should liaise with MOHS headquarters and the human resource management office for necessary action relating to the names of four (4) staff on the staff list who had attained/exceeded the retirement age of 60 years.

Inadequate Internal Control Environment In The Ministry

It was observed that:

- There was no evidence of review or report by the internal audit units in the ministry's headquarters in Freetown or council for the period under review;
- There was no segregation of duties in the ministry;
- The DMO was in charge of all financial transactions;
- The DMO received and issued fuel allocated to the ministry;

- The ex-FO was not performing to the expectation of the ministry; and
- The ministry did not have a District Pharmacist.

It was recommended that the PS-MOHS, Chief Administrators (Bonthe District and City Councils) and the DMO should ensure that periodic audits were carried out and reports issued by the internal audit units and the DMO should ensure that all financial documents were returned to the FO who was responsible for all financial documents. Those charged with governance should identify ways and means to ensure that those issues were addressed within the shortest possible time.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.42 PRIMARY HEALTH CARE KOINADUGU DISTRICT (2013)

Sales From Cost Recovery Drugs Not Brought To Account

Comparison of the supply vouchers of cost recovery drugs and the bank statements revealed that the sum of Le77,907,000, in respect of the sale of cost recovery drugs by the PHUs, was not accounted for. It was recommended that the DMO should ensure that the Le77,907,000 was recovered from the concerned PHUs and paid into an authorised bank account and this should be done within thirty days of the receipt of the report. In future, the DMO should ensure that the revenue generated from the sale of cost recovery drugs is promptly paid into an authorized bank account of the Ministry of Health and Sanitation.

Official's Response

The DMO stated that they had implemented all of the recommendations.

Auditor's Comment

Le77,507,000 has still not been recovered.

Fixed Assets Procured By Council Not Made Available For Verification

A Public Address System and Water Testing Equipment which, according to the records, were procured by the Koinadugu District Council for Le10,000,000 and Le5,000,000 respectively, were not made available for verification. It was recommended that the DMO should ensure that the fixed assets in question were made available for verification within thirty days of the receipt of this report; otherwise the full sum should be refunded and in future, all the Fixed Assets procured on behalf of the PHC should be made available for verification.

Official's Response

The DMO stated that the Water Testing Equipment and the PA system had not been made available to them.

Auditor's Comment

The fixed assets were not made available for verification.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.43 PRIMARY HEALTH CARE PORT LOKO DISTRICT (2013)

Sales From Cost Recovery Drugs Not Accounted For

A comparison of the supply vouchers of cost recovery drugs and the bank statements revealed that the sum of Le35,316,395, in respect of the sale of cost recovery drugs by the PHUs, was not

accounted for. It was therefore recommended that the DMO should ensure that Le35,316,395 should be recovered from the concerned PHUs and paid into an authorised bank account. This should be done within thirty days of the receipt of the report and in future, the DMO should ensure that the revenue generated from the sale of cost recovery drugs is promptly paid into an authorized bank account of the Ministry of Health and Sanitation.

Official's Response

The DMO stated in his response stated that it was absolutely true that the sum of Le35,316,395 was not paid in the bank at the time of audit examination. He also noted that the audit team did not verify stock balance at the PHUs at the time of audit as the amount mentioned could not be paid at the time of the audit when there was a stock balance. He however mentioned that progress had been made in the sales of the unverified stock balance. Such pay-in-slips were ready for inspection.

Auditor's Comment:

Auditors were able to verify that the sum of Le25,525,201 had been paid into the Ministry's bank account. However they were informed by the DMO that the difference in drugs of Le9,791,194 was still been sold by the various PHUs.

5.44 UBC HOSPITAL –MATTRU JONG - BONTHE (2013)

Inadequate Doctors & other Specialists

There were insufficient medical and other specialist doctors assigned to the hospital. In an interview with key hospital management personnel, it was revealed that an assigned MS was yet to report for duty in the hospital. The hospital was being managed by the hospital matron for the period under review. The Audit Team made several visits to the hospital at night and noted that there was no doctor on duty or one on call at night in case of emergency. Assigned nurses were however always on duty during those visits. It was noted throughout the night visits, that the pharmacy was closed at night making it impossible for patients to access drugs in case of emergencies at night. It was therefore recommended that the Chief Medical Officer in the Ministry of Health & Sanitation should ensure that doctors and other specialists were immediately assigned to this hospital.

Inadequate Control Over The Receipts, Recording And Storage Of Supplies In The Hospital

The following were observed:

- Hospital reporting tools, such as daily commodity register and request issue voucher (RRIV) were not always supplied to the hospital;
- The Inventory Control Cards used to record and track free health care supplies to the hospital were not sufficient;
- The storage facility of drugs was poor;
- Three separate locations were used to store drugs and these locations do not have sufficient shelves for storage purposes;
- Some of the cartons containing drugs were placed on the bare floor;
- A Pharmacy Technician, assigned to the hospital by the District Medical Officer, acted as storekeeper as there was none; and
- There was no electricity supply in all the locations where drugs are kept.

It was recommended that the hospital management should ensure that appropriate measures were taken to address the weaknesses identified in the report.

Poor Records Keeping

Standard requisition books for supplies made to the various units in the hospital were not maintained. In addition, requisitions made by the in-charges were not approved by the matron or an authorised senior officer. Some inventory control cards in respect of selected drugs supplied to the hospital were not made available for inspection. It was also noted that some drugs received by the hospital were not recorded in an Inventory Control Card for accountability and control. There was also no record such as daily commodity dispensary register and inventory control cards to show the daily and monthly utilization of free health care items supplied to pharmacy and maternity ward. At the Pharmacy Unit and the Maternity ward, it was observed that daily commodity dispensary register was not maintained by this unit for drugs utilized from July to December 2013. Inventory control cards and daily commodity dispensary register were not maintained by the Maternity ward for drugs utilized from January to December 2013. It was recommended that the Hospital Management should ensure that appropriate and relevant records, such as cash book, prescription forms and receipts were maintained for cost recovery drugs received and sold by the hospital.

Poor Records Keeping

It was observed, from interviews with key personnel and examination of records that the administration of cost recovery drugs in the hospital was very poor. In addition, appropriate records, such as cash book, prescription forms and receipts, were not maintained for cost recovery drugs received and sold by the hospital for the period under reviewed. It was recommended that the MS should ensure that appropriate and relevant records, such as cash book, prescription forms and receipts were maintained for cost recovery drugs received and sold by the hospital.

Refer to the Table Of Common Issues (Page 87) for further observations.

5.45 MINISTRY OF ENERGY (2012-2013)

Bank Statements Not Submitted For Inspection

A total of sixty-six (66) bank accounts operated by the ministry and projects for which bank statements were not submitted for audit inspection. It was recommended that the Accountant should ensure that the schedule of all bank accounts and the respective bank statements of both the ministry and projects are submitted.

Official's Response

The PS stated that the ministry actually operated six (6) of the sixty six (66) bank accounts queried in the draft management report. He added that the bank statements for the period under review and all relevant documents for the accounts of the ministry were available for inspection.

Auditor's Comment:

Of the six bank accounts that the ministry confirmed to operate, only two bank statements were submitted for verification. Bank statements of the other four accounts were not submitted. In the same vein, a status report on the remaining sixty four (64) bank accounts was not provided. Therefore, the issue is unresolved.

Project Documents Not Submitted

Documents such as project appraisal documents, project implementation manual, external audit reports etc. for a sample of ten (10) projects, valued at Le55,795,743,970 and \$51,492,314 were not provided by the ministry for inspection. It was recommended that the PS should ensure that the project documents is retrieved from the minister's office and submitted to the audit team for verification.

Official's Response

The PS stated that the project documents were available for audit inspection.

Auditor's Comment

The project documents were not submitted for verification.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.46 MINISTRY OF WORKS HOUSING AND INFRASTRUCTURE - HQ (2012-2013)

Inadequate Control Over The Distribution Of Fuel

Fuel amounting to Le14,734,000 was supplied in excess to officers of the ministry without any documentary evidence to substantiate the utilisation of such fuel. In addition, fuel amounting to Le9,801,000 was issued to vehicles which were not on the approved list of beneficiaries. It was therefore recommended that with immediate effect, the Transport Officer ensured that excess fuel was only issued to ministry officials upon approval by the PS or designated officers. The PS should also ensure that the amount of Le14,734,000 was recovered from the various officers with thirty days of the receipt of the report, with all evidence of recovery forwarded to ASSL for verification. The PS was also to submit documentary evidence to justify the use of such fuel; otherwise, the amount of Le9,801,000 should be refunded within thirty days of the receipt of the report and evidence of payment into the CRF forwarded to ASSL for audit verification.

Official's Report

The PS stated that, that was an oversight which they intend to correct as they had developed a policy on the use of fuel which would eventually solve the issue. He also mentioned that the vehicle numbers identified in the report were vehicles assigned to the honourable minister and his deputy who were given special assignment by His Excellency the President which warranted the request for such fuel.

Auditor's Comment

The policy developed for the use of fuel by the ministry was not made available for verification. Excess fuel supplied which amounted to Le14,734,000 is yet to be recovered.

Removal, Transportation and Delivery of Scrapped Lifts

Article 3(i) of the signed addendum contract for the removal, transportation and delivery of old lifts from Youyi Building to the Works compound at Pademba Road required that the final payment of 50% of the contract price must be paid upon completion of the contract. However, it was observed that the sum of Le152,250,000 representing the final 50% on PV No. 050591 dated 11/12/2013 was paid to the contractor, even though the contractor failed to deliver the old and derelict lifts to the works compound at Pademba Road. Moreover, it was surprising to note that there was a signed certificate of completion issued by the Chief Mechanical Engineer, even though the contractor was

yet to fully transport the old lifts to the works compound at Pademba Road. It was therefore recommended that the PS should explain why the final 50% payment was made before the completion of the contract. The Mechanical Engineer should also provide documentary evidence to justify why the certificate of completion was issued before the completion of the contract.

Official's Response

The PS stated that the installation of an elevator had three phases; civil works, i.e. preparation of the shaft location and the elevator drive; supply and delivery. He added that the process was so technical that it involved a lot of civil work techniques and that was not part of the contract. He also said that part of this derelict elevator materials were very important for the ongoing work which were always needed during the installation. He mentioned that the heavy components which could not be manually lifted were awaiting completion of the elevator so that they could be brought down. He concluded that management assured that the Chief Mechanical Engineer would be monitoring the exercise.

Auditor's Comment

Justification for the payment of the final 50% before completion of the contract is yet to be produced. Documentary evidences were not produced to substantiate Official's Response. However, the old and derelict elevators have been delivered to the works compound at Pademba Road.

Canteen Operation

The contract in respect of the canteen operation at Youyi Building indicated that the service provider should be engaged for an initial period of three (3) years commencing 1st July 2010 and continuing through 30th June 2013. However, no renewal in respect of the lease was seen by the team at the time of the audit. It was required that the PS should provide justification to substantiate the non availability of valid contract documents in respect of the canteen.

Official's Response

The PS stated that the former contractor did not vacate on time as spelt out in the lease agreement and it was to be effective from the time of exit by the former contractor. The canteen, was handed over on 21st February, 2011 and as per contract, it was suppose to end on 21st March, 2014.

Auditor's Comment

The PS is yet to provide justification to substantiate the non-renewal of the contract in respect of the canteen.

Cleaning of Youyi Building

An addendum in respect of the contract for the cleaning of Youyi Building for the period 1st July to 30th September 2013 was signed on the 2nd October 2013 even though the contract period had expired. The amount involved was Le35,970,000. It was recommended that the PS should ensure that there was a signed contract agreement before the commencement of any contract entered into by the Ministry.

Official's Response

The PS stated in his response that the issue occurred because the Professional Head had to evaluate the work done for the period 1st July to 30th September, 2013. The Professional Head evaluated the cleaning work done for the period 1st

July to 30th September, 2013 and submitted a report to the effect. It was based on the evaluation report that led to the signing of the contract after the expiration period.

Auditor's Comment

The recommendation is yet to be implemented.

Outstanding Loan

An amount to the tune of Le28,837,500 was taken out as loan from the Miatta Conference Centre Account on diverse dates between the period January 2012 and March 2013. However, it was observed that only Le26,000,000 had been paid as refund by the Ministry into the Miatta Conference Centre's account, leaving a difference of Le2,837,700, still outstanding. It was recommended that the PS should ensure that the amount of Le2,837,700 was repaid to the Miatta Conference Centre's account within thirty days of the receipt of the report and evidence of payment to bank forwarded to ASSL for verification.

Official's Response

The PS stated that the bank paying-in-slip will be available upon the next inspection.

Auditor's Comment

Documents were not produced to substantiate the official's response. Therefore the sum of Le2,837,700 is outstanding.

Outstanding Revenue

A review of the list of quarries operating within the country indicated that eleven (11) quarries did not obtain licenses for their operation during the period under review. The amount owed represented estimated revenue of Le286,000,000. It was recommended that the PS ensured that the estimated outstanding revenue of Le286,000,000 was recovered from the quarry owners and paid to the NRA within thirty days of the receipt of the report and details of recovery forwarded to ASSL for verification.

Official's Response.

The PS stated that the Mama Beach and Malick quarries that had just registered in 2014 were now ready to commence operations. He mentioned that Government contractors did not pay operation fees because in the contract document, it was stated that it was the responsibility of Government to support the project by allocating to them quarry sites for the local materials ie. granites and cyanide dusts.

Auditor's Comment

The contract documents were not produced to substantiate that the quarries were related to government contracts. Furthermore, the estimated outstanding revenue of Le286,000,000 was yet to be recovered from the quarry owners and paid over to the NRA.

Occupant not entitled to Government quarters

Section 33 of the Anti Corruption Commission's Best Practice Guide on the use of government quarters July 2012 requires that a Minister, Deputy Minister, or civil servant appointed through the Public Service Commission are eligible to occupy government quarters.

Section 43 of the same guide requires that a grace period of six months should be given to occupants on retirement, foreign postings, family of deceased officers etc. It was observed that 22 occupants of government quarters were not eligible to be within the western area. In addition, extension letters were not submitted to substantiate the continued stay of the occupants. It was recommended that the professional heads produced the letters of extension; otherwise, they should be evicted from the quarters.

Official's Response

The PS stated that the issue was highly political and the Ministry had tried over the years, but needed the political will to be able to give them the mandate to curb the problem once and for all.

Auditor's Comment

The issue remains the same as the audit recommendation has not been implemented.

Salaries paid to staff who had attained the statutory retirement age

A review of the personnel files and records of staff revealed that salaries for a total amount of Le202,649,230 were paid to 45 members of staff in the Ministry who were over sixty years or had attained the statutory retirement age. In addition, there was no evidence for extension letters given to staff that had attained the statutory retirement age. The audit team was also unable to physically verify 106 personnel at the different locations within the Ministry in Freetown who were paid Le467,389,380 at the time. Furthermore, an examination of the staff list revealed that 62 staff within the Ministry were without NASSIT numbers. It was recommended that the PS should inform the HRMO for appropriate action to be taken within thirty days of the receipt of the report; otherwise, the payment of salaries to the staff in question would be stopped until appropriate action was taken. The Human Resource Manager of the Ministry should also ensure that the personnel in question were presented for physical verification within thirty days of the receipt of the report, otherwise, the payment of salaries of the staff in question would be stopped.

Official's Response

The PS stated that he noted the concern and mentioned that the officers in question were yet to receive their validity letter from the HRMO which would give the Ministry mandate to delete officers' names from the payroll upon the expiration of their terminal leave. He also mentioned that the Internal Auditor and Human Resources Manager were presently designing activities to be able to physically verify personnel in the Ministry country wide. He further said that the 62 officers including the PS and Deputy Secretary's NASSIT numbers would be supplied to you by the Human Resource Manager.

Auditor's Comment

An updated staff list was submitted to the auditors during the verification. However, 33 staff within the Ministry were still without NASSIT numbers with other recommendations yet to be implemented.

Performance Contract of the Ministry Not Submitted for Inspection.

Performance Contracts signed by the Ministry and H.E. the President during the period under review were not submitted for inspection. It was recommended that the PS should submit this document for

audit verification within thirty days of the date of the receipt of this report; otherwise, Section 18(1a) of the Audit Service Act, 1998 will be invoked.

Official's Response

The PS stated that performance contracts were public documents and were available for verification.

Auditor's Comment:

The Performance Contract was produced during the verification exercise and verified. However, the following outputs were not achieved during the period:

- Capacity gaps filled MWHI reformed and capacitated to provide technical back stopping to MDAs;
- Sanitary facilities improved on the First-Three floors at Youyi Building; and
- Two Demonstration Houses constructed using local building materials in the Masiaka vicinity.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.47 MINISTRY OF WORKS, HOUSING & INFRASTRUCTURE, BOMBALI DISTRICT (2013)

Revenue Not Paid To The National Revenue Authority

There were no receipts to justify that payments in respect of building permits totalled Le1,170,000, were made to the National Revenue Authority. It was recommended that the Senior Housing Officer should ensure that the amount is paid to the NRA within thirty days of the receipt of the report and the receipts forwarded to the ASSL for verification. In future also, all building permits issued should be supported by authentic NRA receipts.

Building Permits Not Accounted For

There was no evidence in the form of pay-in-slips to indicate that the sum of Le15,510,000 was paid by clients into the CRF as costs for building permits. It was recommended that the Senior Housing Officer should within thirty days of the receipt of the report ensure that the sum of Le15,510,000 was recovered and paid into the CRF and evidence of payment forwarded to the ASSL for verification.

Poor Office Environment And Non-Availability Of Working Tools

The office environment was far from being pleasant. This was evident by the fact that there was no electricity supply to the office, windows were broken, the ceilings were tattered with leaking roofs, and the toilets were filthy with little water facilities. In addition, there was no office equipment and stationery supplies. It was recommended that the Senior Housing Officer should ensure that the office and its environs should be kept clean and tidy at all times and a request should be made to the Ministry for the office building to be rehabilitated and refurbished. In addition, the necessary working tools and materials should be made available to the office on a regular basis.

5.48 MINISTRY OF FISHERIES AND MARINE RESOURCES (2013)

Differences Between the Ministry's Records and the Accountant General's Records

Differences totaling Le8,477,773,067 were observed between the aggregated revenue collected as per the ministry's records and the revenue banked in the CRF as disclosed in the public accounts for the

period under review. It was recommended that the PS formally communicated those differences to the NRA and the Accountant General's Department for corrective actions to be taken within thirty days of the receipt of the report and also forwarded the evidence to ASSL.

Official's Response:

The PS stated that the correspondence between this Ministry and the Commissioner General, National Revenue Authority (NRA) as regards the differences was available for inspection and was still awaiting response from NRA.

Auditor's Comment:

The correspondence sent to the NRA by the PS requesting reconciliation with the Accountant-General's Department was submitted for verification. However, evidence of reconciliation between NRA and the Accountant General was not submitted for verification.

Staff Who Had Exceeded the Statutory Retirement Age

It was observed that a total sum of Le54,700,385 was paid to 14 officers for the year 2013 even though they had exceeded the statutory retirement age. Further investigation revealed that letters of extension of service were not given to these employees by the HRMO. It was recommended that the Human Resources Officer should inform the HRMO for appropriate actions to be taken within thirty days of the receipt of the report.

Official's Response:

The PS stated that the Human Resource Officer had informed the Director-General, Human Resource Management Office accordingly.

Auditor's Comment:

A copy of the correspondence sent to the DG, HRMO was submitted for verification. However the issue is still unresolved.

Extension of Study Leave Without Approval

A total amount of Le3,874,608 was paid as salaries for the period under review to Mrs. Gladys Conteh, a personnel of the ministry who had been on a one year study leave which expired in 2010 but had not resumed for duty. Further investigations revealed that there was no letter of renewal or extension of study leave by the HRM Office. It was recommended that the Human Resources Officer reported to the Human Resource Management Office to initiate appropriate action within thirty days of the receipt of the report and evidence of that action forwarded to ASSL for verification.

Official's Response:

The PS mentioned that Human Resource Officer had communicated to the DG, HRMO.

Auditor's Comment:

The correspondence sent to the DG, HRMO was submitted for verification. However, no action has been taken to remedy the situation.

Unverified Staff

It was observed that a total sum of Le10,848,588 was paid to two (2) personnel who could not be verified as employees of the ministry. It was recommended that the HRO ensured that the staff were available for verification within thirty days of the receipt of the report; failing which, the HRMO would be alerted for appropriate action to be taken.

Official's Response:

The PS said that those two officers abandoned their respective positions. He added that a copy of memorandum MFMR/F/K/16 dated 13th September 2013, addressed to the DG, HRMO was available for inspection.

Auditor's Comment:

A copy of the correspondence sent to the DG, HRMO was submitted for verification. However the issue is still unresolved.

Progress Report on Performance Tracking Table

An examination of the progress report as per the Performance Tracking Table for the ministry revealed that some of the deliverables including the procurement of the mid range patrol vessel and the Public Private Partnership Agreements which should have been completed by the second quarter of 2013, were not achieved within the deadlines.

The following were also observed:

- That the revisions to the 2011 Fisheries and Aquaculture Bill, the Fisheries Regulation 2010 and the Fisheries Product Regulation, which should have been completed by the end of the year, were not enacted and implemented;
- The Access Agreement for Tuna Fishery including the licensing scheme which should have been completed by the end of the first quarter was not finalised.
- The radio and VMS coverage target for all industrial fishing vessels which was set at 100% and should have been completed by the end of the first quarter had still not been fully met. As per the Performance Tracking Table, it was observed that 80% of the target had been met.

It was therefore recommended that the PS ensured that going forward; key critical success deliverables are completed within the stipulated timelines. He should also ensure that appropriate actions are taken to fast track the enactment of relevant legislation and regulations. The Director of Fisheries was also to take necessary action to ensure that the targeted radio and VMS coverage were fully achieved.

Official's Response:

The PS stated that action had been taken by the Ministry to ensure that deliverables of the PTT were achieved and delays in achievement for the patrol boat were due to procurement process of the World Bank which the ministry did not have control over. He added that the procurement process of the fast patrol vessel had been completed and the contract was awarded to Damen Shipyard in the Netherlands. He mentioned that the vessel construction was ongoing and photos of completed parts of the vessel were available. The patrol boat is expected to be delivered by end of 2014, he further mentioned. Regarding the Fisheries Bill and Regulations, the PS said that action had been taken for their finalization and final drafts of the Bill and the Regulations had been developed by consultants. He noted that due to funding constraints, the finalisation of those framework documents was delayed though a funding window had been identified and the legal and policy framework documents were expected to be finalized by end of 2014.

He concluded that negotiations were still ongoing for finalization of the Tuna Fisheries Companies Agreement and contracts had been with the Tuna fishing companies and draft agreement had been developed, awaiting finalization.

Auditor's Comment:

Evidence to show that the audit recommendations were addressed was not submitted for verification. However, the issues are still outstanding.

Outstanding Issues From Previous Audit Report

- There was no evidence in the form of minutes and attendance list/record to substantiate or indicate the committee's approval for the reduction in fines levied on fishing vessel- F/V Puyu 6016 from \$20,000 to \$10,000;
- The calculations for the payment of licenses and royalties by the Ministry were found to be inconsistent with the standard rates stipulated in the calculation schedule;
- The calculation of licenses and royalties were under-assessed by \$80,316.00 and \$29,380 respectively for the year under review;
- The fishing companies paid less than what they should have paid;
- Fishing Nets costing Le1,690,637,795 was not in conformity with the specifications in the bidding documents;
- Fishing gears costing Le899,132,000 were issued out of the store without the approved requisition and the names and signatures of recipients; and
- Store items costing Le336,678,700 were issued from the Youyi Building store without evidence to indicate the names and signatures of the recipients.

5.49 MINISTRY OF EMPLOYMENT LABOUR AND SOCIAL SECURITY (2013)

Revenue Not Deposited Into The Consolidated Revenue Fund

A difference of Le12,940,113,889 was observed between revenue collected by the NRA and the revenue banked in the CRF as disclosed in the Public Accounts. It was recommended that the PS should formerly communicate the discrepancy to NRA and the Accountant General's Department for corrective actions.

Official's Response

The PS said that the bank statements were available for verification. He added that the reasons auditors encountered problems in their review of the General Services account was that, other ministries were paying into this same account 1100586/1100584 and that was a problem they had engaged the bank to segregate the lodgement into separate account for each of the ministries concerned, but they still had that problem. He further mentioned that total collections in that account exceeded Le31,798,277,476 of which Le13,140,199,974 collected by Ministry of Labour was also part of that total. He mentioned that the other reason for the confusion was the aggregation of lodgement made by the banks, many of which did not bear the name of the entity or person making the lodgement in the bank statement.

Auditor's Comment:

A copy of the letter from the PS to the Commissioner General of the National Revenue Authority was verified. In addition, the NRA submitted all bank statements relating to revenues collected at the ministry. They showed that revenues collected were deposited into the transit accounts. The transit banks in turn transferred the cumulative amounts received from various MDAs to the Consolidated

Fund. The transfers from the transit account into the Consolidated Fund were however not specified for each ministry in the consolidated bank statement. Therefore the issue has not been resolved.

Differences between National Revenue Authority Receipts and Cashbook

There was a total difference of Le285,910,000 between the cash book of the NRA and that of the ministry, for revenue collected during the period under review in respect of work permits, application forms and factory registration. This difference predominantly arose because the ministry did not record the proceeds received from the sale of application forms. It was recommended that the PS and Accountant should ensure that the ministry's cashbook was updated with the outstanding amounts and reconciliation procedures effectively coordinated between the ministry and NRA to prevent inaccuracy within thirty days of the receipt of the report.

Official's Response

The PS said that the cash book had been updated and was available for inspection.

Auditor's Comment:

During the verification exercise, it was observed that the ministry's cashbook was still not updated.

Non Registration And /Or Renewal Of Factory Registration

A review of the list of factories obtained from the Inspectorate of factory unit for the period under review revealed that Le312,000,000 was owed by 19 large factories with 800 operational sites; and Le62,750,000 by 85 smaller factories that had either failed to register; and/or renew their registrations for the period under review. It was recommended that the PS should ensure that an effective system of collecting revenue and auditing of factories should be established and operated efficiently.

Official's Response

The PS mentioned that that was a problem that had been identified by the management of the NRA due to the low revenue collection from the factory unit and therefore, NRA had engaged the Ministry of Labour to discuss the way forward as to how to increase revenue performance especially the factory inspection unit.

Auditor's Comment:

Though the NRA conducted meeting with the management of the Ministry of Employment, Labour and Social Security, in order to plan the way forward for the collection of arrears, the issue still stands.

Foreign Employees Working For International Non Governmental Organisation Without Work Permits

The list obtained from the Ministry of Finance and Economic Development (MOFED) disclosed that only 21 out of 74 registered international NGOs, obtained work permits from the Ministry of Labour for their foreign employees, and 11 were put on hold. A difference of 42 did not comply with the relevant legislation. Hence, an estimated outstanding revenue of Le42,000,000 should be paid to the NRA. It was recommended that the PS should ensure that the estimated outstanding revenue of Le42,000,000 should be recovered and paid to the CRF within thirty days, and details of recovery forwarded to the ASSL. He should also ensure that the ministry liaises with the NGO desk in MOFED to ensure regular updates are done; and enforce the relevant legislation.

Official's Response

The PS said that a letter dated 26th august, 2014 had been addressed to the Development Secretary requesting the NGO Desk, the Registrar of all foreign INGOs, at the Ministry of Finance and Economic Development to produce data on Foreign Nationals thereby enabling this ministry to collect work permit from them. Once that data was available, they may be able to collect backlogs as well, he mentioned.

Auditor's Comment:

Even though a letter was written to the Development Secretary, the estimated outstanding revenue has not been recovered from the national workers of those NGOs.

Performance Contract and Performance Tracking Table not submitted

The Performance Contract Agreement and Performance Tracking Table (PTT) were not submitted to the audit team for review. It was recommended that the PS should ensure that the documents concerned are submitted within thirty days of receipt of the report.

Official's Response

The PS noted that an updated Performance Contract and Performance Tracking Table was not available in the ministry for inspection.

Auditors' Comment:

The issue is still outstanding as the documents were not available for inspection.

Outstanding, Previous Matters

The following matters were still outstanding from the previous year:

- An estimated outstanding revenue of Le14,240,000 was as a result of a non renewal of licences for 32 factories by factory owners during the period under review;
- A review of the list of all factories obtained from a survey conducted in 2011 indicated that 1488 factories were operating in the country and only 203 were registered and renewed their licences with the factory division in the ministry. Among the non-compliant factories, 800 larger factories owed an estimated revenue of Le2,202,000,000;
- It was observed that 38 factory owners obtained work permits from the Ministry of Labour for their foreign employees but did not register their factories with the factory division. As a result, estimated outstanding revenue of Le164,000,000 was owed to the government by the factory owners;
- A list obtained from the Ministry of Finance and Economic Development disclosed that of 79 registered international NGOs, during the period under review, only 16 obtained work permits from the Ministry of Labour for their foreign employees, leaving a difference of 63 which did not comply with the relevant legislation; hence an estimated outstanding revenue of Le63,000,000 to be paid to NRA;
- During the period under review, inspection was not carried out on larger factories (mining companies, mobile phone companies, private owned petroleum etc.) by the factory inspectorate because the existing items of equipment used by the factory division were outdated. As a result, government lost an estimated revenue of Le961, 500,000 from 725 larger companies;
- A difference of Le182,716,674 in 2011 was observed between the work permits register and NRA cashbook;

- Even though Section 38 of the Public Procurement Act, 2004 requires that the ministry should undertake open competitive bidding when ordering goods, works or services, it was observed that this requirement was not complied with by the ministry during the period under review;
- Procurements worth Le298,791,000 were made from allocation by the Ministry of Finance without due regard for three competitive requests for quotations (RFQs) as stated in Section (2a) of the first schedule of the PPA 2004;
- Le21,350,000 from the GIZ Fund was spent on the payment for internet services and computer accessories without due regard for the three competitive requests for quotations requirement as stated in the criterion above;
- Criteria were not established by the Social Safety Net Unit for the recruitment of staff. Staff appointment letters were not submitted so that the auditors could verify the terms and conditions in which 29 staff in the Social Safety Net were employed. Total salaries paid for the period under review amounted to Le779,029,000;
- Safety Net (SSN) was established in 2004 with the aim of assisting the vulnerable (aged 60 and above) with no regular source of income. They have only received assistance from the SSN once in 2008. However provision had been made in the SSN budget in the past years but no monies were allocated in respect of the beneficiaries;
- The fines stated for defaulters (non compliance) in the Factories ACT of 1974 are so low that they would cost defaulters nothing if they were prosecuted in the industrial court;
- The Employer and Employee Act of 1960 used in the Industrial Relations Division for settlement of industrial issues between employers and employees needs to be revised; and
- It was observed that the Commissioner of Labour did not take action for the amendment of outdated Acts.

5.50 MINISTRY OF POLITICAL AND PUBLIC AFFAIRS (2012 – 2013)

Inadequate Control Over The Utilisation Of Fuel

Le190,000,000 was paid for fuel during the period under review. Of this amount, fuel chits were only provided for Le56,602,750 leaving an outstanding balance of Le133,397,250 not brought to account. It was recommended that documents to substantiate the amount in question should be provided within thirty days of the receipt of this report. Otherwise, the whole amount should be refunded into the CRF and evidence of payment forwarded to ASSL for verification.

Official's Response:

The PS said that they had recovered the receipt which amounted to Le120,271,000 of the outstanding balance.

Auditor's Comment:

Of an outstanding balance of Le133,397,250, fuel chits were only provided for Le88,305,750 leaving a balance of Le45,091,500 not brought to account. Therefore, the issue is not fully resolved.

Recruitment of Contract Officers

Emoluments of Le987,600,000 were paid to thirty-eight (38) contract officers in the ministry during the period under review. It was however worth noting that the ministry did not provide evidence of adhering to recruitment procedures. There was also no evidence submitted regarding approval given by the HRMO for those contract officers to be working in the ministry.

Out of thirty-eight (38) contract officers, personal files were only submitted for four (4); leaving an outstanding of thirty-four (34) not submitted for audit review. Further inspection revealed that only appointment letters were maintained in the files submitted. Documents such as job descriptions, curriculum vitae and appraisal reports were not in file. From the verification exercise carried out by the audit team, it was noted that 4 contract officers did not make themselves available for physical verification. Further enquiries revealed that two of the contract officers were on sick leave and the remaining two were on exams time-off. The audit team however observed that there were no medical reports and exams time-off letters to substantiate their absence from work. It was therefore recommended that the Human Resources Management Office should regularise the situation and the staff superintendent should ensure that all staff had personal files which should be maintained in the ministry. The PS should also ensure that those contract officers were available for verification. Failing which, the appropriate action would be taken.

The Performance Contract Agreements and Performance Tracking Tables (PTTs) between the ministry and the President were also not submitted to the audit team. It was further observed that the conference room was not conducive for meetings as the furniture and equipment were unserviceable, the window curtains were filthy and the carpet in the conference room also worn out and littered. It was recommended that the PS should ensure that the Performance Contract Agreements and PTTs were provided; and all units within the ministry should be operating by the signed contracts. He should also ensure that adequate provision was made in the annual budget for the refurbishment of the conference room.

Official's Response

The following were the responses of the PS:

- *To regularise the situation, action has been initiated for all contract employees to go through the HRMO process of recruitment. Job descriptions have been sent to HRMO and will very soon advertise vacancies for all strategic positions in the Ministry. Junior staffs on contract have already applied to HRMO for absorption into permanent civil service structure.*
- *Following from the foregoing, once staff recruitment has been completed by HRMO the staff superintendent will maintain records of all employed staff.*
- *One of the four staffs absent during the audit exercise, Salaymatu Conteh, has been dismissed for failing to report for duty at the expiration of her leave of absence.*
- *Saidu Davies, who is on medical leave in the United States, has produced medical report to support his absence.*
- *Prince Vandi has returned to work and Abu Bakarr Kamara remains grievously ill with swollen leg but has however be warned out of humanitarian consideration that his services would be terminated if he did not get well and return to work within three months beginning the end of August 2014.*

Auditor's Comment:

Efforts have been made by the ministry for the HRMO to absorb temporary junior staff into the permanent and pensionable scheme. The HRMO has however not yet completed the process, the situation has still not been regularised. The personal files for the thirty four (34) contract officers were not submitted. Therefore, the issue is unresolved.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.51 MINISTRY OF TRANSPORT & AVIATION (2011-2013)

Top-Up Cards Not Acknowledged By Recipients

Mobile telephone recharge cards with monetary value of Le69,535,000 were distributed to staff of the ministry for which documentary evidence to show the signatures of the recipients were not produced for inspection. It was recommended that the PS should submit the distribution list within thirty days of the receipt of the report; otherwise the amount in question must be refunded to the CRF; and evidence forwarded to the ASSL for verification.

Official's Response

The PS stated that staff who received phone cards were made to sign for the amount received and evidence was now available for inspection.

Auditors Verification Comments:

Of Le69,535,000 for which recipients did not acknowledge receipt for top-up cards received, Le46,535,000 was verified, leaving a balance of Le23,000,000 outstanding.
Refer to the Table Of Common Issues (Page 88) for further observation.

5.52 MINISTRY OF YOUTH EMPLOYMENT AND SPORT (2011-2013)

Performance Targets As Set Out In The Performance Contract Not Accomplished

The following agreed Performance targets as set out in the Performance Tracking Table (PTT) (1, 2, 4, 7 and 11) signed between His Excellency the President and the Honourable Minister of Sports were not achieved by the Ministry of Youth Employment and Sport for the period under review:

PTT 1, Legislation for sports formulated and National Sport Commission operationalised.

PTT 2, National Sports Policy formulated and operationalised.

PTT 4, National Sports Lottery Fund established and annual report produced for public consumption.

PTT 7, District Sports Offices strengthened.

PTT 11, Sports development clubs revived in schools for Health Development.

It was recommended that the PS should provide satisfactory explanation supported by documentary evidence as to why those targets were not achieved.

Official's Response

The PS stated that almost all the critical objectives set by the Ministry were accomplished, adding that the only activity which was still ongoing was the finalization of the National Sports Policy and the review of the National Sports Council Act of 1964. Those documents had been finalized at the technical level and endorsed by the Hon. Minister. He said that following that, and in line with recently established procedures, they had been submitted to the Strategic Policy Unit in the Office of the Chief of Staff for their comments, if any. He mentioned that in spite of several follow ups, the SPU had still not submitted their response and the Ministry was making every frantic efforts to have the response of the SPU so that those documents could be forwarded to Cabinet for their consideration and approval. He said with regard to the establishment of the National Sports Lottery, the Ministry had gone through all the due process of establishing a PPP with an international company, World Mat International. The Law Officers Department, the Strategic Policy Unit and the PPP Secretariat in the Office of the President had all given their concurrence. However, that project had been put on hold because the Minister of Trade and Industry had advised Cabinet that the establishment and registration Of the National Sports Lottery be put on hold, pending the review of the Betting and Lottery Act, he further mentioned. He stressed that the reactivation of the Regional Sports Development Offices was

ongoing and interviews had been conducted for the appointment of new officers to be posted to the regions. He also stated that provision had been made in the FY 2014 Allocations to the Ministry for the purchase of office equipment and furniture and expected that those regional offices would provide technical assistance to the educational institutions, local councils and grassroot communities for the promotion and development of sports in the regions.

Auditor's Comment

The documents mentioned above have been produced for inspection. However, the targets were not met as set out in the Performance Target.

Inadequate control over the recording of store items

A total of Le195,000,000 worth of sport equipment were issued without written approved request and evidence of recipients' signature. Periodic stock check/reconciliation was not carried out by the Vote Controller or a designated person for the period under review. It was recommended that the PS should produce documentary evidence to support the utilization of those assets within thirty days of the receipt of this report; otherwise, the amounts involved should be refunded to the CRF.

Official's Response

The PS stated that due to the lack of a trained and accredited Store keeper in the Ministry, the then PS was supervising the management of the stores and following his death it has been difficult to locate those stores records. He however mentioned that some of those documents had been located and were ready for verification. He also said that the documents relating to the approval and allocation of store items were available for audit inspection. He stressed that he had already put modalities for the management of the stores and have assigned a staff to supervise the stores and store records can henceforth be reviewed by himself and the internal audit unit periodically.

Auditor's Comment

Written approved requests were produced for inspection. However, recipients' signature for the issue and receipt of those items to the various sporting associations was not produced. Therefore the issue remains the same. There was also no report produced for periodic stock check/reconciliation.

No Active Council In Existence

There was no active Sport Council in existence at the Ministry as prescribed in Sections 3 & 4 of the National Sports Council Act of 1964. As a result, council meetings were not held during the period under review. It was recommended that the PS should ensure that a sport council was established as prescribed in Section 3 & 4 of the National Sport Council Act of 1964. In addition, council meetings should be held regularly and the minutes filed for reference or audit purposes.

Official's Response

The PS stated that modalities had been put in place to reactivate regular meetings of the National Sports Council.

Auditors Comments

An active Sporting Council has still not been constituted and no council meeting held. Therefore issue remained the same.

Misuse Of Fuel And Oil

According to the 1994 Cabinet Conclusion on the disbursement of fuel to civil servants, nine litres of fuel should be given to official personnel per working day. However, fuel costing Le20,144,750 was supplied in excess to officers of the ministry without any documentary evidence to substantiate the utilization of such fuel. It was recommended that the Accountant should ensure that excess fuel was only issued to the Ministry Officials upon approval by the PS or designated Officers. It was recommended that the PS should ensure that the amount of Le20,144,750 was recovered from the various officers within thirty days of the receipt of the report and forward evidence of recovery to the audit office for verification.

Official's Response

The PS stated that it has been difficult to manage the aspect of expenditure controls as ministers had fuel supplies as part of their composite salaries and that had proved inadequate for their official engagements, which at times involved travelling to the provinces. Therefore he had to make provision for additional fuel for the ministers to facilitate their participation in official and political engagements. He said that he was suggesting that ASSL makes concrete recommendations to Government for a review of the regulations governing fuel supplies to Ministers and other dignitaries, as this was becoming a thorny issue in the relationship between Ministers and Heads of MDA's.

Auditor's Comment

The audit recommendations were not implemented. Therefore the issue remains unresolved.

Improper Asset Management

Laptops and desktop computers purchased during the period under review amounting to Le116,800,000 were not produced for physical verification. There were no records/documents to indicate that the assets were transferred to the Ministry of Youth and Sports was separated. It was recommended that the PS should ensure that the missing assets were produced for verification within thirty days of the receipt of this report; otherwise, the amount involved should be refunded to the CRF and a distribution list of the assets should be produced within thirty days of the receipt of the report. Otherwise, the whole assets of the former Ministry will be accounted for.

Official's Response

The PS stated that all Laptops and Desktops mentioned were available for verification. He added that the erstwhile Ministry of Youth Employment and Sports was separated in the allotment of cabinet positions by His Excellency the President, following the 2012 General Elections. He however mentioned that the document was being prepared to show asset shared between the Ministry of Youth Affairs and the Ministry of Sports and that would be made available to ASSL soonest.

Auditor's Comment

The missing assets were not produced for inspection. Distribution list for assets shared between the Ministry of Youth Affairs and the Ministry of Sports was not produced for inspection.

Revenue Not Banked Intact

Sections 40, 42 & 62 of the Financial Management Regulations 2007 prescribe the manner in which departmental revenue or other public moneys should be accounted for. However, those sections were not followed by the Ministry. For the period under review, Sierra Leone was engaged in five

international matches. However, actual gate takings collected from those matches organised in Freetown by the Ministry were not disclosed to the audit team for review. Therefore, an average occupancy rate of 50% of the official capacity of the National Stadium was assumed for each of the categories, i.e. Presidential, Covered and Open stands with an average ticket price of Le100,000, Le50,000 and Le10,000 respectively. As a result, the estimated revenue collected from gate takings for those matches to the tune of Le1,145,000,000 was not banked into the Ministry's Sport Council Account. There was also no evidence of utilization of the said amount. In addition, match reports for the games were not produced for audit inspection. In spite of ASSL's findings in the previous audit report, the Ministry continued to increase its overdraft facility without prior approval from the Accountant General. As a result, the value of the overdraft as at 31 December 2013 stood at Le387,918,813. See breakdown below:

NAME	BANK	A/C NO.	AMOUNT (Le)
Administrative account	SLCB	001-114630-03-00-01	292,000,000
Revolving Fund account	SLCB	001-116910-0-00-01	95,918,813
Total			387,918,813

The Ministry accumulated debts to the tune of Le407,878,950 for various activities including feeding and accommodation for players and match officials, air tickets, etc, without the prior approval of the Accountant General. Bank reconciliation statements were not signed by the preparer and reviewer and those for July-December 2013, were not produced for audit inspection. From a review of cheque stubs, bank statements and other supporting documents, we observed that huge sums of money allocated for specific matches were withdrawn in bulk and payments effected by cash. Furthermore, in the absence of a finance committee, the Sport Division did not prepare a statement showing details of income and expenditure of the Council as prescribed in section 18 & 19 of the National Sports Council Act of 1964.

The following were therefore recommended:

The PS should produce documentary evidence of the whereabouts of the amount involved within thirty days of the receipt of this report. Otherwise the full amount should be paid into the CRF;

- He should ensure that consultations are made with Ministry of Finance and Economic Development and all related parties to overturn this ugly situation;
- He should ensure that written approval from the Accountant General is submitted for verification within thirty days of the receipt of this report;
- The Accountant should ensure that monthly bank reconciliation statements are prepared and these should be signed off by both the preparer and the reviewer;
- The Accountant should ensure that the remaining bank statements are submitted within thirty days of the receipt; and
- The PS should ensure that in subsequent years withdrawals and payments are effected in line with the provisions made in the FMR 2007.

Official's Response

The PS said that the estimated amount of Le1,145,000,000 may not represent the actual gate takings for the matches referred to and that payments for gate takings had not been very regular, especially when senior government official, like

some ministers, senior military and police officials were in the habit of not paying gate fees, and usually attend free of charge. He also stated that in accordance with a standing agreement with the Director of Budget in the Ministry of Finance and Economic Development, it was decided that since Government could not readily meet the cost of organizing home based matches, the Ministry of Sports was mandated to utilize funds accruing from gate takings to pay for expenses not provided for by Government, including their participation in international matches, such as the CAF game between Sierra Leone and Cape Verde. He mentioned that a copy of the memorandum from the Ministry of Finance and Economic Development in that regard together with a report of such expenses incurred will be made available to the review team. Referring to accumulated debts and overdraft facilities incurred by the Ministry, he stated that from information from the Directorate of Sports, the amount owed to the Sierra Leone Commercial Bank was as a result of a match organized by the Office of the Vice President and the Sierra Leone Police and based on the report on that match, there were a lot of anomalies surrounding the printing and sale of tickets and because of the earlier mentioned reasons, the organizers of that particular match recorded huge losses which made it impossible to meet their obligations to the SLC Bank and the other service providers.

Auditor's Comment

A correspondence from the Financial Secretary at the Ministry of Finance and Economic Development mandating the Ministry to utilize funds accruing from gate takings to pay for expenses not provided for by Government for participation in international matches was produced for verification. However, no other document was produced for the utilization of the amount involved. The issues remain the same.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.53 PROVINCIAL SECRETARY'S OFFICE –EASTERN REGION (2013)

Encroachment on Government land in the reservation area

There were private houses and unauthorised constructions ongoing on government reservation land. It was recommended that the PS should engage the Ministry of Lands to regularise the situation.

Official's Response

The PS stated that it was true that private houses and constructions were going on in the government reservation land and was done without the notice of the Provincial Secretary's Office. He however said that arrangements were now on to engage the land's ministry to regularise the situation.

Auditor's Comment:

The recommendation was not implemented.

5.54 PROVINCIAL SECRETARY'S OFFICE NORTHERN REGION (2013)

Deplorable State And Condition Of Government Quarters

The state and condition of the government quarters was deplorable. It was observed that the doors and windows were broken; the roofs were leaking; and the internal conditions were far from being pleasant. Some quarters were habited by illegal occupants while others were in a dilapidated state. It was recommended that the Provincial Secretary should ensure that all illegal occupants should be evicted from those quarters with immediate effect and the Provincial Secretary's Office should in collaboration with the Ministry of Works factor the estimates for the refurbishment of all government quarters in the Bombali District into its annual budget.

Official's Response

The Provincial Secretary stated that the issue about the Government Quarters was true and despite several requests by the Regional Office, nothing had been done as it was the sole responsibility of the Ministry of Works, Housing and Infrastructure. He added that illegal occupants still reluctantly refused to vacate. He mentioned that a copy of the letter will be sent for the attention of the ministry for legal action and follow-ups would be made by the regional office.

Auditor's Comment:

The recommendation was not implemented as there was no evidence of action taken.

Refer to the Table Of Common Issues (Page 89) for further observations.

5.55 SIERRA LEONE HIGH COMMISSION, UNITED KINGDOM, (SEPTEMBER 2010 - NOVEMBER 2013)

Management and Control of the High Commission's Operations

The following were observed:

- The mission did not have a strategic plan covering the period under review, and it did not report on the performance and activities carried out on weekly, monthly and annual basis. There were no management policy and operations manual. None of these measures meant for the successful operation the mission had been put in place;
- There was no evidence of general staff meetings held, and management had meetings on an ad hoc basis but did not document their discussions and decisions in minutes;
- There was no proper time management system to monitor the attendance or the full presence of staff in the mission. Although the mission procured a time or attendance machine to monitor the attendance of staff, it was yet to be installed and operationalised;
- The mission did not have an independent human resource policy for its staff;
- Performance appraisals for local staff were not conducted and techniques to measure the capacity of staff before their movement or redeployments were not instituted;
- Staff movements were done by the High Commissioner without any technique to measure their capacity or capabilities;
- The movement from cleaner to receptionist, office assistant to consular assistant, security to office assistant and office assistant to personal assistant were instituted without any structured approach;
- Performance of drivers was not linked to other forms of benefit, and an annual leave roster for all staff was not maintained;
- Local staff personal data such as appointment letters, date of birth and performance appraisals were not filed;
- There were differences in the coordination and allocation of roles and responsibilities of local staff; and
- There was duplication of roles and a general lack of clarity in roles.

It was recommended that the vote controller must ensure that:

- Clear lines of authority and responsibilities are maintained between administrative and political activities;
- Weekly management and monthly general staff meetings and round table discussions are held and documented in the form of minutes;
- A performance appraisal system for all staff (diplomatic and local) is introduced;

- The clock or time attendance machine that was bought to efficiently and effectively monitor the attendance of staff is installed within thirty days of receipt of the report;
- A policy of staff salary deduction for staff arriving late and leaving before close of business should be introduced;
- An annual operational plan for the mission, with performance indicators clearly spelt out, is designed, developed and implemented;
- A comprehensive weekly and monthly reports on the activities of staff should be carried out; and
- An annual leave roster of all staff is prepared.

Consular Activities

The following were observed:

- A walkthrough test of key controls in the Consular Section revealed an apparent lack of segregation of duties. Application forms were not approved by the HOC prior to the issuance of visas. The consular officer received, processed, approved and issued visas to the public.
- A comparison of the database of visa stickers issued and received by the mission disclosed a difference of 1252 visa sticker books. Records obtained from the Immigration Department disclosed that a total of 1610 was issued to the High Commission for the period under review, whereas records submitted for inspection by the consular division revealed a total of 358 visa sticker books. The difference of 1252 visa stickers estimated at £4,260,000 was not brought to account.
- Examination of available records disclosed that £910, 000 was collected as consular income during the period under review. No evidence was however produced to show that monies were transferred to the Consolidated Revenue Fund or paid to the Government of Sierra Leone, even though remittances were received for salary and other charges for the same period.
- A review of the consular records revealed that two (2) books of single visa stickers estimated at £5000, issued to the Consular Officer in Spain during the 2012 financial year were not accounted for.
- It was observed that during October and November 2013, authorisation was given by MFAIC for the temporary use of old stamps for the issuance of entry visas, for which no evidence or records of revenue collected was submitted for audit inspection. Several requests were made by the auditor for this evidence.
- Even though remittances (other charges) totaled £323,086 were received during the period under review, it was observed that £992,384 was utilised from consular income for which approval was not sought from the MOFED; and
- The auditor was unable to ascertain the completeness of consular records and income maintained by the mission as the consular and the finance divisions failed to submit their completed consular returns and bank statements for the period under review.

It was therefore recommended that:

- With immediate effect, the HOC should ensure that all applications for entry visas are authorised prior to the processing and issuance of visas by the Consular Officer;
- The HOC should submit for audit verification, the missing 1252 visa stickers with estimated value of £4,280,000 within thirty days of the receipt of the report, otherwise the matter would be referred to the relevant authority for further investigation;
- The HOC should submit documentary evidence to ascertain why consular income was not transferred to the CRF during the period under review;

- The HOC should recover £5,000 from the Consular Officer in Spain within thirty days of the receipt of the report;
- The Consular Officer should submit documentary evidence or records of entry visas issued during the period October to November 2013 within thirty days of the receipt of the report, otherwise, the Consular Officer would be surcharged; and
- The HOC should produce evidence of approval from MOFED and MFAIC to justify the utilisation of consular income for various expenditures, within thirty days of the receipt of the report, otherwise, the amount should be paid back to the Consolidated Revenue Fund.

Payment Of Legal Fees - 33 Portland Place

A payment of £60,000 was made in July 2012 to Golden Solicitors for legal services in respect of the former Chancery building at 33 Portland Place. As at November 2013 a report on the status of the matter had not been received from the legal firm or solicitors. It was recommended that the High Commissioner should submit a status report on the case of the Chancery building (33 Portland Place) within thirty days of the receipt of the report, otherwise, the amount should be paid back into the CRF.

Salaries And Allowances Issues

The following were observed:

- There was no evidence in file to indicate that unclaimed salary for deceased and recalled staff was paid back into the CRF for the period under review;
- Salary advice or pay slips were not issued to staff at the end of the month when salaries were paid or transferred into their individual accounts;
- Inconsistencies were observed in the salary vouchers;
- Payments were made to a person other than the staff whose name was listed on the salary voucher without any letter of authorisation or approval by the MFAIC or HOC;
- Salary paid to a staff as per salary voucher was different from the salary stated on the appointment letter. The appointment letter disclosed £1500 whereas the salary vouchers indicated £1350;
- Salaries were paid to local staff who had exceeded the statutory retirement age of sixty years;
- Some personal files of staff were without details of their date of birth, application and appointment letters;
- Salary advances or loans were paid to staff and no loan register was maintained to show evidence of loans or advances issued, and the recovery or repayment details;
- Salary vouchers were only submitted for one month, for the period under review, in spite of repeated requests;
- Interview with the financial attaché revealed that salary vouchers were no longer sent to the mission on a monthly basis;
- Other deposits and withdrawals not related to salary transactions were made from the salary accounts;
- Examination of staff personal files and records submitted to the Foreign and Commonwealth Office disclosed that some staff continued to receive full payment of allowances for their children even though the children were over eighteen (18) years; and
- Birth certificates were not on some files to support the payment of children and education allowances despite several requests by the auditor.

It was recommended that the HOC should regularise the above anomalies within thirty days of the receipt of the report and evidence of action taken submitted to the ASSL for verification, otherwise the matter would be referred to the relevant agencies for further investigation.

Poor Management Of Fixed Assets

Vehicles

The following were observed:

- The vehicle log books or operating records were not maintained or operated by the mission to monitor the movement of drivers and vehicles;
- Official vehicles were used to convey government official and personal relations of staff without any letter of authority or written request from MFAIC or Head of Chancery;
- Even though vehicle registration No. 243D230 was classified as ‘off road’ or unserviceable, in the register, bills in respect of congestion charges were paid for the same vehicle;
- It was observed that vehicles were not parked in a designated parking area after close of business; and
- Two (2) vehicles owned by the mission were disposed of or sold without any evidence of the revenue received from the sales.

Furniture, Equipment and Other assets

The following were observed:

- The master inventory register maintained was not regularly updated when new assets were procured;
- Some of the furniture and equipment were not coded or marked with an identification code in order to avoid unauthorised use or loss;
- It was observed that inventory or stock takes were not done when recalled officers vacated residences; and
- Physical inspection of the Chancery and residences disclosed that furniture and equipment purchased were not recorded in the inventory register and distinguished from the personal assets of the staff or occupants.

It was therefore recommended that the HOC should ensure that:

- Drivers of all government vehicles must be supplied with a log book or operating records indicating or showing the purpose of each journey, quantities of fuel and oil consumed, the mileage of each journey and initials or signature of the officer authorising the journey;
- These log books must be opened within thirty days of the receipt of the report and must be maintained for reference and audit purposes;
- A designated parking area (preferably the Chancery) is introduced with a register for all official vehicles (with the exception of the HE and DHC vehicles), showing details of parking times and other information;
- The officers concerned refund the congestion fees paid for the vehicle classified as “off road” within thirty days of the receipt of the report and evidence of refund forwarded to the ASSL for verification;
- Evidence of receipt of payment of the vehicles sold and minutes of the board of survey meeting held are submitted;
- Inventory or stock takes are conducted before recalled officers vacate premises or residences;
- Inventory register are maintained and clear distinction made between government properties and personal or donated assets; and
- An assets policy is designed and developed for the mission.

Inadequate Control Over The Processing Of Payments/Financial Transactions

Travelling

It was observed that officers were paid overseas rate in respect of local travelling in their area of accreditation. Furthermore, special imprest was paid to staff travelling overseas in addition to their per diem allowances that were not retired at the end of the purpose, or visit. There was also no evidence of 'back-to-office' report on file to justify the payment of per diem for overseas travelling to staff.

Telephone

The following were observed:

- There were no registers or log books to monitor telephone calls/usage in the mission;
- Payments were made to diplomatic staff on a monthly or quarterly basis in respect of provisions even though that was not included in the terms and conditions of service or policies of the MFAIC;
- Payments were made to CASS Cleaning Services on a monthly basis even though the salary voucher indicated payment of salary to a cleaner. In addition, contract agreement between CASS Cleaning and the High Commissioner was not produced for inspection;
- Cheque stubs were without the date, signature and purpose of payments;
- Bank reconciliation exercises were not performed for all the accounts operated by the Commission;
- Supporting documents were not produced to justify the payments of student allowances to students pursuing courses in Cuba; and
- In spite of repeated requests by the auditor, a number of accountable documents and records were not produced or submitted for audit inspection.

It was recommended that the HOC regularised the above anomalies within thirty days of the receipt of the report and evidence of action taken, submitted to the ASSL for verification; otherwise the matter would be referred to the relevant agencies for further investigation.

5.56 SIERRA LEONE EMBASSY BRUSSELS, BELGIUM (MAY 2009 - DECEMBER 2013)

Review of Budgets and Budgetary Allocation

A review of the Embassy's budgets over the period revealed that there were significant disparities between the budgets, allocations received from the Ministry of Finance and Economic development (MoFED) and the actual spent by the Embassy. This, according to the Embassy, necessitated the use of consular fees in order to meet the shortfalls and to keep the Embassy afloat. Additionally, it was observed that the Embassy did not receive remittances for non-salaried expenditure in a timely manner. This, according to the Accountant, led to a situation where the Embassy had to incur overdraft in its main account numbered BE72 7340 1255 2616, held at KBC Bank. The overdraft stood at €23,927. Furthermore, reimbursements for non-budgeted expenditure which amounted to €18,000, undertaken in respect of the President's visit to France in December 2013, was yet to be made by the MoFED even though the request had been submitted. This had contributed to the Embassy not being in a position to meet some of its current obligations. A review of the Embassy's ageing schedule of creditors indicated outstanding obligations, some as old as 400 days. Those obligations, according to the Accountant, arose from late remittances of funds, failure of MoFED to reimburse expenditure incurred for facilitation of presidential visits and inadequacy of funds remitted. It was therefore recommended that MoFED must engage the Embassy so that reasonable allocations could be approved. MoFED must endeavour to release allocations in a timely manner and make timely reimbursements of funds used to meet legitimate expenditures.

Official's Response

The Ambassador stated that the issues had been raised several times with both ministries, i.e. Ministry of Foreign Affairs & International Cooperation and MoFED. He mentioned that the despatches they sent on a monthly, quarterly basis to headquarters included underfunding and non reimbursement issues.

Review of Internal Controls

The Embassy engaged the services of an IT contractor on a monthly basis, who undertook back-up of electronic records in real time on iCloud, via a resident server. The contractor was yet to be paid for eight months and late fees was supposed to be imposed in order to compensate for late fees levied on his tax obligations. In addition, the Embassy did not have its own server. The server in use was on loan from the service provider. The Embassy did not subscribe to any antivirus software. Rather, it made use of free antivirus software. It was recommended that the Embassy must make concerted efforts to settle the outstanding balances owed to the IT contractor, acquire its own server and seek reliable antivirus protection.

Official's Response

The Ambassador stated that the mission was in the process of acquiring its own server as well as reviewing price quotations for both on site and off site.

Review of Minutes of Management Meetings

A review of minutes of meetings disclosed that there were no records of minutes held prior to 19 July, 2013. Management meetings were reconvened in July, following the appointment of the new Ambassador. There was however, no evidence that meetings had been held since September 2013. According to the Embassy, they had been caught up by very tight work schedules. The minutes were not signed by the chairman of the meeting; corrections were not always effected and not properly filed and secured. Minutes of 26th August 2013, disclosed that diplomatic staff already had private insurance medical coverage and were now pursuing life insurance and workers compensation coverage. During the audit, it was disclosed that staff were yet to benefit from any insurance cover. There was no evidence on file to indicate that general staff meetings were held. It was recommended that management meetings need to be held on a regular basis, in order to help in proper planning and keeping every member of the diplomatic staff on the same page. In addition, minutes of meetings must be corrected, signed off by the chairman and secretary, properly archived and action points followed up on. Furthermore, the issues recorded in the minutes must be adequately substantiated.

Official's Response

The Ambassador stated in his response that the introduction of management meetings was among series of reform programmes introduced in the mission. He said, though it was in its formative stage, as seen by the auditor during her visit, it was gradually gaining momentum. He however mentioned that because they were understaffed and their area of accreditation was always a beehive of activities, including but not limited to heads of state summits and ministerial conferences, weekly management meetings were sometimes interrupted. Apart from the Ambassador, he said they only had two diplomatic staff who covered the European Union(EU), the African, Caribbean and Pacific Group of States (ACP), France, The Netherlands, Luxembourg, Greece, The Vatican in Rome and international organisations like OPCW, ICC, ICJ in The Hague, and UNESCO in France among others. Both unilateral and multilateral meetings took place in all of those areas, which Sierra Leone benefited from, he added. To make the mission relevant in its areas of accreditation, officers were bound to attend those meetings, though it was a challenge.

Review of Staff Personnel Files

Following a review of the personnel files, these observations were made:

- Personnel files for the acting head of chancery and the accountant were not available for review;
- Staffs roles and responsibilities had been clearly defined since August 2013 but there was no evidence that they had been communicated to staff, and there were only loose copies in the staff files that were reviewed;
- The sum of €2,000 given to a diplomatic staff as salary advance, remained unpaid for over a year; and
- There was no system in place for staff appraisal.

It was recommended that personnel files should be maintained for all staff and updated with all relevant information. Critical issues relating to staff performance must be communicated to all staff in a timely manner. In addition, staff appraisals system must be put in place in order to enhance effectiveness. Furthermore, the outstanding balance on salary advance to staff, which amounted to €2,000 must be deducted from their salary with immediate effect. Advances to staff must be deducted during the month following the issue of the advance.

Official's Response

The Ambassador stated that the HOC and accountant files had been located and he was in the process of reviewing and updating all personnel files. He added that the implementation of the recommendations relating to staff performance and appraisals would be discussed during management meetings and introduced to the whole staff at a general staff meeting. He said that at the end of June, Mr. Sesay's salary entitlement would have to be affected to remedy this situation.

Non Maintenance of Attendance Register

There was no attendance register maintained at the Embassy. It was recommended that an attendance register must be introduced with immediate effect, and all staff must be required to sign the register when they arrive at and leave the office

Official's Response

The Ambassador said that since His Excellency, Ambassador Sorie took office, the mission had engaged in a series of reforms and the staff attendance register was among the lot that had just been re-introduced.

Staff List not Updated at MFAIC

The names of the Ambassador's cook and maid were yet to be updated on the payroll voucher prepared by MFAIC. In addition, MFAIC continued to pay salaries to Peter Kuyembeh, even though he stopped working at the Embassy since June, 2011. Meanwhile, the Embassy explained that salaries received for a staff were used to meet the shortfall in payment of the Ambassador's rent allowance and payment to the handyman. It was therefore recommended that the Embassy should ensure that the MFAIC was duly informed about staff changes at the Embassy. An updated staff list must be submitted to MFAIC with immediate effect and all salaries sent in respect of staff that are no longer on the payroll must be paid back into the CRF.

Official's Response

The Ambassador stated that the HOC had agreed to implement these recommendations as soon as possible

Under Declaration Of Staff Salaries To Avoid Full Payment Of Social Security Costs

It was observed that the salaries of local staff were not declared in full to the Belgian Office Nationale de Securite Sociale (ONSS) authorities. Furthermore, the Embassy deducted both the employee and employer's contributions to ONSS from the employees' salaries. According to the Embassy, the full amount of the salaries paid to local staff were budgeted for, but the payroll voucher received from MFAIC made no provision for employers' contribution to ONSS, even though this had been factored in the budget submitted over the years. Consequently, the salaries of the locally recruited staff were deliberately declared only in part to avoid full payment of ONSS dues. The undeclared amounts were paid separately to the staffs' accounts.

It was recommended that the DG, MFAIC must ensure that the salaries of local staff were reviewed with immediate effect to take into consideration the employer's contribution to ONSS. The Accountant must also ensure that the full declaration of local staff salaries was done as soon as possible.

Official's Response

The Ambassador stated that the issue had been followed-up closely with the DG, MFAIC. He said that in January 2014, the mission submitted estimated cost involved in the full declaration of all local staff to the MFAIC and also took time to outline the legal implications as well as the diplomatic embarrassment to Sierra Leone. He mentioned that the mission was still awaiting a response from MFAIC.

Staff Medical Situation

It had been observed that from 31st December 2013, diplomatic staff could no longer benefit from the Belgian Government subsidised healthcare plan. The Embassy had been advised by the Belgian Government to buy insurance with a Belgium company or elsewhere, for which the insurance cover would cost twice as much as previously expended under the Belgian Government subsidised healthcare plan. As at the time of the audit, it was difficult and costly for diplomatic staff to obtain medical treatment as the insurance cover was yet to be funded. It was recommended that the Embassy must communicate the estimated cost of the proposed insurance cover to the DG with immediate effect for the attention of MoFED. The MoFED in turn must make provision to cover the cost in the shortest possible time.

Official's Response

The Ambassador stated that the issue had been followed-up closely with the DG, MFAIC. He said that in January 2014, the mission submitted the estimated cost involved in the full declaration of all local staff to the MFAIC. He mentioned that the mission was still awaiting a response from MFAIC.

Inadequate Provision Of Rent Allowance For The Ambassador

The monthly rent allowance provided for the Ambassador's accommodation had not been reviewed for over five years, even though the rent was subject to indexation in March of every year. That resulted in a shortfall of over €1,500 between the amount remitted and the amount paid as rent on a monthly basis. Even though the Embassy's budget had consistently factored the increase, the amount remitted as rent allowance for the Ambassador's residence remained the same every year. It was recommended that the allocations must reflect current expenditure trends and the allocations made in respect of the Ambassador's rent be reviewed to reflect the current cost of rent.

Official's Response

The Ambassador stated that the HOC agreed to implement the recommendations as soon as possible and work closely with the MFAIC.

Log Book For Vehicles Not Maintained

It was observed that logbooks were not maintained in any of the utility vehicles and there was no documented policy for the management of fuel. The Embassy made payment for parking fees penalties imposed on vehicles for illegal parking, with no recourse to the offending drivers. It was recommended that logbooks should be put in place with immediate effect and a vehicle management policy should be developed. The offending drivers should be required to pay for charges imposed for illegal parking.

Official's Response

The Ambassador stated that the HOC and FO had agreed and had implemented the recommendations as of the 1st June 2014.

Operation of Bank Accounts

It was noted that the Embassy had significantly reduced the number of bank accounts maintained from twelve to seven, between the last review and now. A non-active current account held at ING remained open and continued to accrue bank charges. As at 31st December 2013, there was a negative balance of €43, which had since increased to €254 as at the time of review. It was recommended that with immediate effect, concerted efforts must be made to close all inactive accounts.

Official's Response

The Ambassador stated that the HOC had sent a letter to ING bank for the immediate closure of the account.

Review of Visa Stickers

The record of visa stickers received by the Embassy did not agree with the information from the Government Immigration Department. The records from the Immigration Department indicated that 100 booklets of visa stickers were supplied to the Embassy during the period under review, as follow:

- 33 booklets of single entry visa stickers;
- 33 booklets of multiple entry visa stickers; and
- 34 booklets of gratis visa stickers.

The Embassy records indicated that 74 booklets were utilised during that period. It was observed that the booklets received from the Immigration Department were not recorded in a ledger serially. Thus it was difficult to ascertain the booklets that could not be accounted for. It was also observed that in 2013, 31 gratis visas were sold as multiple entry visas after the Embassy ran out of visa stickers. Eventually, visas had to be issued “manually”, where the applicants’ passports were stamped with the Embassy’s stamp and signed off by the consular officer to issue visas. According to the Embassy, that was as a result of the immigration department running out of visa stickers and thereby authorised the Embassy to use its stamps to process visa applications. No documentation was provided to substantiate the claim.

An analysis of the records of utilised booklets also revealed that there were differences in the consular fees reported as payment for visas as compared to the number of visa stickers sold. Multiple entry visas were sold for €120 and single entry for €100. The analysis of stickers sold for 2009 was not provided for inspection.

According to the Embassy, the differences in 2010 and 2011 could have been as a result of emergency fees sometimes being paid in respect of visa applications. Emergency fees were charged at €25.

It was recommended that the department of immigration must ensure that visa stickers were available at all times in order to avoid situations where stamps were used to issue visa. In addition, all visa stickers received should be recorded serially in a securitised ledger maintained by the Embassy. Furthermore, visa stickers should be handled by a senior officer. All visas issued for consular activities must be issued serially and signed for, and whenever multiple express or single express visas are sold, it should be clearly indicated in the analysis of stickers sold.

Official's Response

The Ambassador stated that the HOC and FO had agreed, and had implemented the recommendations as of 1st June 2014.

Review Of Receipts From Consular Fees

The Embassy did not maintain receipt books. Cash received in respect of consular fees were determined by the payments made into the bank account directly by applicants and from cash collected from applicants and paid into the bank account. There were no supplementary records maintained to determine the number of applications processed and fees received. There was also no segregation of duties between the processing of applications for visas and the receipt of payments for visas. Even though the Embassy had designed a procedure manual on management of visa fees, which discouraged cash receipts, cash payments continued to be received and were not paid into the bank within 24 hours of receipt. Cash receipts were sometimes used to meet petty cash expenditure and were therefore not captured by the bank. Furthermore, revenue generated from consular fees were posted into the accounting system from information on the bank statements, thus transactions originating from cash payment were not fully captured.

The following were therefore recommended:

- There must be a clear segregation of duty between the staff processing applications and the staff receiving payment and issuing receipts;
- Postings into the accounting system should be done from the receipt books or receipt ledger;
- Customised receipt books bearing the Embassy's letterhead should be prepared in triplicates;
- Receipt books should be recorded serially in a ledger and maintained by a responsible officer who should be separate from the officer issuing receipts to visa applicants;
- All receipt books issued should be signed for and should only be replenished after completion of the previous one and retired to the custodian of the receipt books;
- All applicants should be issued receipts for payments made - whether made directly to the bank or paid by cash;
- Copies of receipts must be attached to the processed applications;

- All receipts should be recorded in a ledger maintained for that purpose with all relevant details – receipt number, amount, payee, date, application number etc;
- The accountant must on a regular basis (weekly) reconcile the receipts issued with the receipts ledger and the bank;
- The procedure for collection of consular and attestation fees must be reviewed to take those factors into consideration;
- The HOC must ensure that the system is implemented as defined in the procedures manual;
- Petty cash (imprest) system should be put in place with immediate effect; and
- Authorisation must be obtained from MoFED before utilisation of consular fees; otherwise all consular fees must be paid into the CRF.

Official's Response

The Ambassador stated that the HOC and FO had agreed and had implemented the recommendations as at 1st June 2014.

Review Of Receipts From Attestation Fees

It was observed that attestation fees were generated in processing legal documents which included but not limited to renunciation of citizenship and authentication of legal documents. A fee of €80 was charged for each attestation processed. Revenue generated was maintained in a separate account and used to meet sundry expenditure. The revenue was however not reported in the returns submitted to MFAIC. It was recommended that all revenue generated should be fully disclosed in the returns submitted.

Official's Response

The Ambassador stated that as of Q1 / 2014 financial returns, all revenue generated from attestations had been disclosed.

Operation of a Petty Cash (Imprest) System

It was observed that a petty cash system was not in operation. In addition, requests for petty cash were funded from cash payments received in respect of consular fees. Furthermore, no records were made of the transactions nor were any returns submitted.

The following were recommended:

- In order to ensure accountability and proper stewardship of funds, all cash payments must be paid into the bank account within 24 hours of receipt and must never under any circumstance, be paid out to staff or used on any expenditure;
- All cash transactions, payment or receipt, must ultimately go through the banking system and all withdrawals or payments must be authorised by the appropriate authorities, the signatories to the accounts;
- A petty cash (imprest) system should be established with a reasonable threshold set as monthly float and a responsible staff should be assigned the role of a petty cashier:
 - Petty cash vouchers should be developed by the accountant;
 - Procedures and rules for operating the petty cash system should be put in place;
 - All requests for petty cash should be made through the HOC who must approve the voucher for payment by the petty cashier; and
 - The petty cash float should be retired with appropriate returns and an expenditure statement when at least 70% of the float has been disbursed.

Official's Response

The Ambassador stated that the Mission had implemented a petty cash system as of the 1st of June 2014.

Review of Telephone Management

Preamble:

Directives from the DG and Office of the President indicated that all telephone calls are to be monitored as follow:

Name of caller	Name of person to whom call is made	Duration of the call and date made	Is call official?	If yes, who authorized it?
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As per the directives, monthly ceilings for official telephone calls were approved as follow:

Ambassador's Residence	Maximum of \$200
Ambassador's Office	Maximum of \$300
Chancery's Telephone	Maximum of \$300
Head of Chancery's Residence	Maximum of \$150
Head of Chancery's Office	Maximum of \$150
Office of Home Based Officers	Maximum of \$100
Residence of Home Based officers	Maximum of \$100

Even though the issue was reported in the previous audit report, there had been no improvement in the situation. Given a situation where all staff were in post and their maximum allocations on telephone bills were utilised, the following analysis was arrived at:

	No. of Staff	Maximum Amount	Annual Max. Amount (US\$)	Annual Max. Amount (€)
Ambassador's residence	1.00	200.00	2,400.00	1,714.29
Ambassador's office	1.00	300.00	3,600.00	2,571.43
Chancery's telephone	1.00	300.00	3,600.00	2,571.43
Head of Chancery's residence	1.00	150.00	1,800.00	1,285.71
Head of Chancery's office	1.00	150.00	1,800.00	1,285.71
Office of home based officers (3)	3.00	100.00	3,600.00	2,571.43
Residence of home based officers (3)	3.00	100.00	3,600.00	2,571.43
Maximum approved			20,400.00	14,571.43
Actual spent in 2013				43,301.00
Actual spent in 2012				33,663.00
Actual spent in 2011				43,999.00
Actual spent in 2010				30,395.00
Actual spent in 2009				32,003.00

It was recommended that:

- The directives from the acting DG, MFAIC and the Office of the President respectively, be communicated to all staff;
- A register of calls made from the chancery should be maintained and should be crosschecked against bills sent to the chancery for settlement. Subsequently, all unauthorised and unofficial calls must be paid for by the staff who made them;
- The ceilings on telephone calls for diplomatic staff must be adhered to and where there is a breach, the measures indicated in the directives must be instituted; and
- Where it is determined that the ceilings are no longer tenable, it should be communicated to the DG with a proposal for increase to the various ceilings.

Official's Response

The Ambassador stated that the HOC agreed to implement the recommendations as soon as possible by working closely with the MFAIC. He said it was possible that those ceilings were decided without consulting the missions abroad which would have made their own inputs, thereby contemplating the foreign exchange rate and call costs in their respective areas of accreditation.

Review of Assets Management

It was observed that assets, at both the Chancery and Residences were not properly identified and labelled. In addition, the inventory register was not properly maintained and details of acquisition, description and other relevant details were not recorded. The ownership of the building could not be confirmed as there were no records provided to show the Embassy's ownership of the property. Furthermore, the assets and the building were not currently insured according to the Embassy. During the audit, they were in the process of reactivating the insurance of the building and assets. Registers for donation and obsolete assets were also not maintained. It was therefore recommended that all assets must receive a durable identification label indicating the ordering number assigned to the item. With immediate effect, the Embassy's inventory or assets register should be updated to give details of date of acquisition, cost, description, serial number, additions and other relevant information. The HOC should also ensure that assets belonging to the Embassy must have their existence checked periodically, as well as their state and condition, and must be matched with the assets and inventory registers which should be kept updated at all times. The building and assets must be insured with immediate effect and donation and obsolete asset registers must be maintained.

Official's Response

The Ambassador stated that the HOC had agreed to speedily implement the recommendations. He also mentioned that an inventory/assets register has now been updated with all government property registered therein. He however mentioned that the mission regrettably could not lay hands on the chancery deed ascertaining its ownership of the building it had occupied since 1978. He said that Ambassador Sorie on his part had been constantly asking for this title deed but to no avail and that was the most appropriate time to investigate and locate the where about of this document. This would therefore mean bringing into query all past HOC's and even former Ambassadors to explain, he added. Unfortunately, as at the time of replying to those queries, the chancery building remained uninsured, especially against fire. In the event there was fire accident, it would leave them not only losing their property, but also pay claims that would arise from the neighbour's properties should they be destroyed by fire. Concluding, he stated that Ambassador Sorie being a chartered insurer and also head of mission was very concerned about the dereliction of duty towards the state, and the incalculable risks by exposing the state of Sierra Leone to claims of unimaginable proportions.

Outstanding Issues from Previous Audit Inspection

It was observed that there was inadequate financial accounting system in operation and was therefore recommended that the Accountant-General should be more involved in financial operations of the Embassy; and the s accounting system must reflect the GoSL and Embassy's operations. A financial attaché must also be assigned to the Embassy.

- **Status**

The Chart Of Account had been customised to reflect operations within goal and the Embassy. The Accountant-General was however yet to act on those recommendations made.

An unauthorised salary payment of €17,861 was made to the former HOC. It was recommended that the money should be recovered.

- **Status**

No recoveries were made.

There was misuse of government funds to service the personal loans and unpaid bills of home based staff (€19,340).

- **Status**

There is still an outstanding payment to date of €4,250.

Consular fees were utilised without prior approval. It was recommended that MoFED should put in place a mechanism for payment of consular fees in a separate special foreign government bank account.

- **Status**

The situation remains the same.

An unauthorised expenditure of €2,470 was used to purchase official costume for presentation of credentials and €21,000 for sundry items for the residence. It was recommended that the amount should be recovered from staff concerned and in future Ambassadors and diplomats must request for loans to cover such expenditures.

- **Status**

There were no recoveries made.

Fixed assets and inventory registers were not maintained and assets were not coded. It was recommended that the HOC should develop an assets policy and assets must be coded and regularly checked.

- **Status**

There was no significant improvement during the period under review.

An outstanding obligation of £40,457, owed to UNESCO for January 1992 to July 2005 remained unpaid. It was recommended that the DG should regularise this anomaly.

- **Status**

Latest bill was not available for review.

There was no compliance with the ceiling on payment and format for use of telephones assigned to the Embassy and diplomatic staff. It was recommended that the DG, MFAIC effected recoveries of all telephone bills overpaid. The circulars from the DG and Office of the President on the use of telephones must also be brought to the notice of all diplomatic staff to ensure compliance.

- **Status**

The status remains the same.

5.57 SIERRA LEONE HIGH COMMISSION NIGERIA-ABUJA (2013)

Poor Records Management

Extensive internal control weaknesses were observed in the operation of the High Commission for the financial years 2010 and 2011. There was no evidence to show management's review and approval of documents. For instance there were no signatures of authorising officers on all requisitions maintained on file for the period under review. Request for the initiation of activities were sometimes done on pieces of scrap paper. Payments effected by the High Commission were not signed or supported by recipient's signatures. The revenue cashbook used to record receipts from consular and ETC fees were not appropriately maintained. There were duplicated entries in the revenue cashbook from the period 1st July – 29 December 2011 and from 5th -6th April 2012. It was recommended that appropriate controls guided by legislation were urgently implemented to monitor the use and recording of funds.

Payment Vouchers Not Used In The Processing Of Transactions

For the period ending 31st December 2010, all disbursements of the commission's moneys were not supported by payment vouchers but were supported by requisitions. It was recommended that the HOC should ensure that in future all payments are adequately supported by payment vouchers.

Vote Service Ledger Not Properly Maintained

The review of documents revealed that VSL was not kept for the financial year 2010. Even though a VSL was maintained for the remaining period 2011-2013, the auditors were unable to trace payment vouchers to the VSL because payment voucher numbers were not recorded. It was recommended that with immediate effect PV numbers should be recorded in VSLs so as to engender monitoring of recorded transactions.

Tender Documents Not Seen

An amount of USD \$113,346.94 was released for furnishing the High Commission's Office on the 23rd January, 2012 on payment voucher No.20333. In addition, a review of supporting documents revealed that the above amount was paid in two tranches (on voucher nos. 20151 for USD \$97,742.94 and USD \$ 15,594 on voucher No. 20153). A specific procurement process according to legislative guidance could not be identified by the audit. It was recommended that the HOC should provide necessary documents in support of the preferred procurement process. The Procurement Officer should ensure that all relevant documents were available for audit.

Insufficient Evidence Of Transfers To The Bank Of Sierra Leone

There was no evidence suggesting that consular and Emergency Travel Certificate fees were transferred to the Bank of Sierra Leone (BSL) and the Immigration Department for the 2010 and 2011 financial years. It was recommended that in future the FO should ensure that all transfers are supported by paying-in-slips and bank statements.

Inappropriate Contract Documents Used For The Rehabilitation Of The High Commission In Nigeria

An amount of USD \$204,685.64 (Le899,272,031 @ USD \$4,393.43/\$) was disbursed for the rehabilitation of The High Commission in Nigeria and Lexon Properties was contracted to undertake the rehabilitation. However a review revealed that no standard contract and bidding documents

(specific to legislation) were used in the process. The HOC adopted procurement documents culled from the internet. In addition, there were no performance bond and bank guarantees supporting the contracts and the bids register was also not provided upon request. It was recommended that in future, the Head of Chancery should ensure that standard contracts and bidding documents were used for all procurements.

Consular Bank Account – Bank Reconciliations

Bank reconciliation was not done between the cashbooks and the consular bank statements for the 2010 and 2011 financial year. Consequently, the auditors were unable to confirm the existence of this key control measure which should provide assurance that all revenue received had been banked and transferred to the Consolidated Fund for the period between 31st December 2010 and 2011. A year-end reconciliation was performed during the 2012 and 2013 financial year by the FO. It was recommended that the HOC should ensure that regular bank reconciliations were done by the FO and should monitor and review those bank reconciliations to ensure that they were properly performed and discrepancies were investigated until resolved.

No Accountable Documents Register

An Accountable Documents Register was not maintained for the period under review. It was recommended that the HOC should ensure that an Accountable Documents Register be put in place immediately.

Fuel Register and Vehicle Log Book

Our review revealed that large quantity of fuel was used, there was neither a fuel register nor a vehicle log book for 2010, the fuel register for 2011 was only opened in September 2011, the register was not efficiently managed; and there were a series of blank pages between entries. It was recommended that the HOC should ensure that a fuel register and a vehicle log book are maintained at all times to efficiently manage the use of fuel.

Large Quantities Of Disposable Assets In Store

There were large quantities of assorted assets in store and three vehicles were not in use. Interviews also revealed that letters had been written to the Ministry of Foreign Affairs for those assets to be disposed of. Furthermore, the Head of Chancery said that following instructions from the Ministry, he had contacted the Nigerian Roads Authority to arrange the verification of those assets. The report of their verification had been forwarded to the Ministry of Foreign Affairs. At the time of writing, no action had been taken by the ministry. In addition, Storage facilities for assets were poor, as some items were perishing in the rain. As a matter of urgency it was recommended that the Ministry of Foreign Affairs should consider authorising the disposal of those assets.

Lack Of Transportation

A review of the inventory book revealed that the Mission in Abuja had only five old vehicles. The office in Lagos had one vehicle and this shortage of vehicle was re-echoed by the outgoing Head of Chancery in his handing over notes. It was recommended that the Head of Chancery should immediately make sure that the Ministry of Foreign Affairs and the Ministry of Finance and Economic Development were aware of the situation.

Inadequate Furniture

The High Commissioner's residence was recently refurbished and appropriately furnished. Other staff quarters were inappropriately furnished with old and unsuitable furniture. It was recommended that the Head of Chancery should ensure that the Ministry of Foreign Affairs and Ministry of Finance and Economic Development were aware of the situation.

Communications

There were no Land phones in both the Lagos and the Abuja offices. Huge cost was incurred through the use of mobile phones to make official calls. In addition, the High Commission did not use a diplomatic pouch; official mail was sent through private individuals. As a matter of urgency, It was recommended that the Head of Chancery should ensure that the Ministry of Foreign Affairs and Ministry of Finance and Economic Development were aware of the situation and necessary action taken to ensure confidentiality and reliability of the service.

Refer to the Table Of Common Issues (Page 88) for further observations.

5.58 SIERRA LEONE HIGH COMMISSION- THE GAMBIA (2007 – 2013)

Receipts From The Sale Of Visa Stickers Not Paid Into The CRF

It was observed that between October 2007 and 25th April 2012, visa receipts books record showed D.1,388,260 was received from the sale of visa stickers. According to a memorandum from the Accountant General's Department dated 19th May, 2010 to the DG, Ministry of Foreign Affairs and International Cooperation, it was clearly stated that "all consular fees collected at various embassies should be remitted on a quarterly basis to the CRF at the Bank of Sierra Leone". It was however observed from two correspondence by the former head of chancery to the DG, Ministry of Foreign Affairs and International Corporation dated 10th June 2010 and 30th July 2010, "Re: Consular Fees Returned By The Federal Reserve Bank In New York" that on two occasions, monies were remitted to the Federal Reserve Bank (for transfer to the Bank of Sierra Leone account no. 021084898), but was later returned to the Sierra Leone High Commission's Standard Chartered Bank Account No. 0100130225000 in The Gambia. Although receipt and expenditure account was provided showing how visa fees were expended for the upkeep of the High Commission. A letter from the DG, Ministry of Foreign Affairs and International Corporation to the Accountant General's Department was however not provided for necessary action with regards the return of the said sum. Rather the High Commission continued to use the said visa fees for their daily operations. It was recommended that the Head of Chancery should produce a letter from the DG, Ministry of Foreign Affairs and International Corporation to the Accountant General regarding necessary action by the Accountant General on the return of the said sum by the stipulated bank within thirty days of the receipt of the report, otherwise the said amount should be refunded to the Consolidated Revenue Fund.

Payment Vouchers Without Adequate Supporting Documents

The sum of D. 232,719.50 was expended on the High Commission's operations from other charges without adequate supporting documents. It was therefore recommended that the Head of Chancery should provide the necessary supporting documents for audit verification within thirty days of the receipt of the report; otherwise the said amount should be refunded into the CRF.

General Observations

The High Commission did not maintain an attendance register. In addition, some staff at the high commission did not have NASSIT numbers and NASSIT statements were not extended to staff at the end of the year to confirm account balances. Other charges allocations to the High Commission did not reach the High Commission account on time. It was recommended that the head of chancery should provide an attendance register for audit verification, evidence that all staff knew their NASSIT numbers and that staff would be receiving their NASSIT statements at the year end. It was also recommended that the head of chancery wrote to the DG of the Ministry of Foreign Affairs explaining the consequences caused by the delay in receiving the other charges allocations on time. Refer to the Table Of Common Issues (Page 88) for further observations.

5.59 ACCOUNTANT GENERAL'S DEPARTMENT (2013)

Asset Disposal

During the course of the audit, we observed that one hundred and fifty-six assorted office items and equipment were disposed of in the year. The store verifier's report was not made available to us for inspection. It was recommended that the Accountant General should ensure that the store verifier should submit his report in respect of the disposed office items and equipment with immediate effect.

Official's Response

The Accountant General stated that the Department duly followed all procedures for the disposal of the assorted items and they were unserviceable. This was an omission in the filing of the documents, he added. He however mentioned that the report was now ready for inspection.

Auditor's Comment

During the verification the auditors were provided with the report of the Stock Verifier. However, the report was not dated and the list of the assets disposed referred to by the Store Verifier in his report was not attached.

Payment Of 1% Commission To A Separate Bank Account

Revenue to the tune of Le37,310,550 given to the Accountant General's Department by various insurance companies as 1% commission for administrative cost for the service of deducting premium and the repayment of loans from source, from salaries of civil servants, and other public officers who were clients to those insurance companies was not paid over to the CRF by the department. Those monies were instead paid into a separate account of the AGD for the period under review. Even though documents supporting the utilization of those monies were provided, authorisation for its use from the Financial Secretary was not provided upon request. It was recommended that the Accountant General should make available the authority from the Financial Secretary without delay. In addition, the 1% commission should be paid to the CRF if the authority was not submitted.

Official's Response

The Accountant General stated that management noted the observation of the auditors. He however mentioned that the amounts received from those insurance companies were paid into the imprest account with the BSL and a government bank account and all expenses carried out in accordance with GoSL payment process were duly accounted for.

Auditor's Comment

The authorisation from an appropriate authority for the use of the Le37,310,550 was not provided.

5.60 OFFICE OF THE PRESIDENT (2013)**Possible Contract Splitting For Internet Service**

There was a possible split in the procurement of internet service from AFCOM in order to avoid the threshold of competitive bidding. On the 16th August 2013, three contract agreements worth \$35,760, were signed with AFCOM Limited, for the provision of internet services at various locations. The split contracts' values were \$19,200, \$13,200; and \$3,360. It was recommended that the Secretary to the President should provide an explanation within thirty days of the receipt of the report in respect to the various transactions; otherwise the said sums should be disallowed and surcharged.

Official's Response:

The Secretary to the President stated that the transaction with AFCOM for the provision of internet service at the Presidency was by no means a contract- splitting to avoid the threshold of competitive bidding. As per contract, the service provider is to bill the office separately for internet provided for various locations within the presidency i.e Presidential Lodge, Hill Station; Spur View Lodge and State House, he added. He mentioned that after verification of invoices, the total payment was harmonized on a quarterly basis and payment made to the service from the same vote.

Auditor's Comment:

A letter from NPPA was submitted for audit inspection but it did not however answer to the audit query. Therefore, the issue remained unresolved because payment for the said service was aggregated, so the procurement also should have been aggregated because all locations were under the supervision of the Office of the President, and not different locations.

Refer to the Table Of Common Issues (Page 89) for further observations.

5.61 OFFICE OF THE VICE PRESIDENT (2013)**Procurement Plan / MOU Not Submitted For Audit Inspection**

Procurement plan was not submitted for audit inspection in respect of procurement undertaken for the period under review. A payment was made to Dokkal Enterprise in respect of repairs and maintenance and the supply of spare parts on PV no. 19285 and PV no. 19286 which totaled Le69,485,000 and Le50,080,000 respectively. The MOU/Contract Agreement was however not produced for audit inspection. It was recommended that the Secretary to the Vice President should ensure that procurement plans were submitted for all procurement undertaken for the period under review for audit verification within thirty days of the receipt of this report; otherwise the department would be in violation of the procurement laws. It was also recommended that the Secretary to the Vice President should provide documentary evidence such as MOU between the Department and Dokkal Enterprise for audit verification within thirty days of the receipt of this report; otherwise the said amount should be refunded to the CRF.

Official's Response

The Secretary to the Vice President stated that the Office of the Vice President was without a procurement officer for a period after the one they had left the service for overseas studies. He added that the Procurement Officer posted on loan

also left unceremoniously and while procurement was done through the Procurement Committee, a Procurement Plan was not prepared. He however said that that had been noted and amended as required.

Auditor's Comment:

With respect to the procurement plan, no evidence of amendment was provided for audit verification as stated in the management response. Therefore this issue is unresolved.

Staff On The Payroll Who Had Attained The Statutory Retirement Age Of Sixty

The sum of Le39,552,261 was paid to four (4) staff members who had attained the statutory retirement age of 60 years and were without extension letters. It was recommended that the Secretary to the Vice President in collaboration with the Human Resources Management Office should ensure that the names highlighted by the auditors were deleted from the payroll within thirty days of the receipt of the report; otherwise the appropriate authorities would be advised.

Official's Response

The Secretary to the Vice President stated that the Civil Service Personnel Management was centralised at the Human Resources Management Office and end of service/valedictory letters were issued from HRMO. He however said in exceptional cases, the services of some civil servants were extended beyond the statutory retirement age and that was the case with two of their staff members.

Auditor's Comment:

During the verification exercise no letter of extension or correspondence was produced as evidence from HRMO for those staff in question. Therefore this issue is unresolved.

Refer to the Table Of Common Issues (Page 89) for further observations.

5.62 JUDICIARY OF SIERRA LEONE (2013)

Overpayment To Contractors

An overpayment of Le48,500,000 was made to Yeanie Enterprises in respect of the cleaning of the Law Court and its branches. It was recommended that the Master and Registrar provided explanation in respect of the said overpayment for audit verification within thirty days of the receipt of the report, otherwise the said amount should be refunded to the CRF.

Official's Response

The Master & Registrar stated that a letter had been written to Yeanie Enterprise in respect of Le48,500,000 over payment made for the cleaning of the Law Court and branches.

Auditor's Comment:

During the verification exercise it was observed from a letter dated 1st September, 2014 and attachments submitted by Yeanie Enterprise that the Judiciary failed to disclose two of their contracts with the above enterprise which gave rise to the audit finding. However, as stated in the letter the Judiciary owed Yeanie Enterprise. Until the Judiciary provides receipt of payment to Yeanie Enterprise of Le282,000,000, this issue remains unresolved.

Vehicle/Generator

It was observed that there was no vehicle log book and up-to-date generator register in use at the department. It was therefore recommended that the Master and Registrar must ensure that appropriate legislation was implemented to maintain operating records within thirty days of the receipt of the report; otherwise the appropriate authority would be advised.

Official's Response

The Master & Registrar stated that a policy will be established to ensure that the proper recording and issuance of fuel or lubricants and the appropriate log books and generator register for the use of all departments are followed.

Auditor's Comment:

There was no evidence of a policy being established and produced for audit verification. Therefore this issue remains unresolved.

Poor Payroll Administration

It was observed that fourteen staff due for statutory retirement were still in active service with no evidence and reason for extension of contract. It was recommended that the Master and Registrar worked in collaboration with the Director General of the HRMO to ensure that the personnel records were processed and updated within thirty days of the receipt of the report, otherwise the appropriate authorities would be advised.

Official's Response

The Master and Registrar stated that he will collaborate with the DG to ensure that the 14 personnel or members of staff are retired or their documents processed for extensions.

Auditor's Comment:

During the verification exercise extension contract letters for three staff were submitted. No extension contract letters were however produced for the rest of the staff.

Non Reconciliation of Cashbook and Bank Statement

Cashbooks and bank statements were not reconciled. The non-tax revenue department failed to provide hard copies of comprehensive bank statements. Instead, an electronic version which was not comprehensive was produced for audit inspection. It was recommended that reconciliation of cashbooks and bank statements should be done within thirty days of the receipt of the report, otherwise the appropriate authorities would be advised. The NRA should also provide hard copies of bank statements for audit verification within thirty days of the receipt of the report, otherwise the appropriate authorities would be advised.

Official's Response

The Master & Registrar stated that management will ensure that reconciliation of cash book and bank statement was done for verification within thirty days and hard copies made available

Auditor's Comment:

There was no evidence of bank reconciliation carried out. Therefore this issue is unresolved. Refer to the Table Of Common Issues (Page 89) for further observations.

5.63 CABINET SECRETARIAT (2013)

Progress Report/ Certificate On Local Training Totalling

The sum of Le21,168,000,000 was expended on local training in respect of three personnel at the University of Sierra Leone. However, progress reports were not submitted for audit inspection. It was recommended that the Secretary to the Cabinet should provide progress report or certificate of completion for audit verification, within thirty days of the receipt of the report; otherwise the said amount should be refunded to the CRF.

Official's Response:

The Secretary to Cabinet said that the officials in question were still in post at the Secretariat, and had been asked to produce the evidence the audit team wanted.

Auditor's Comment:

During the verification exercise we were provided with the correspondence regarding their admission and receipt of payment of fees from the various universities. However, progress reports or results for the period under review were not submitted. Therefore this issue remains unresolved.

Refer to the Table Of Common Issues (Page 89) for further observations.

5.64 OFFICE OF THE CHIEF OF STAFF (2011-2012)

Vehicle Log Book Not Maintained By The Department

During the audit exercise, there was no log book for vehicles in the Office of the Chief of Staff. It was recommended that the vote controller should introduce the use of vehicle log book within thirty days of the receipt of the report or the said amount be refunded to the CRF.

Employees on Contract

The audit revealed that clear objectives were not set for contracted staff and there were no performance appraisal framework. It was recommended that the Director of Finance and Administration ensured the setting up of clear and achievable objectives for staff and maintained a standard performance appraisal framework.

Other Observations

The following were observed:

- The Office of the Chief of Staff lacked adequate office space;
- Individual personnel files were not maintained in the Office of the Chief of Staff and its units;
- Staff did not sign the attendance register;
- Staff received their appointment letters without corresponding signatures confirming acceptance of the job;
- Files were attached with contract employment letter, but when contracts were renewed, the files were not updated;
- Employment contract letters in file were outdated and renewed contracts were not filed; and
- Some staff salaries were not indicated on their appointment letters.

It was recommended that the vote controller considered mechanisms of having a close supervision and control of his units and resolved the lapse in internal control as addressed above, within thirty days of receipt of this report.

Refer to the Table Of Common Issues (Page89) for further observations.

5.65 OFFICE OF THE CHIEF OF STAFF (2013)

Repairs without Assessment Report

The sum of Le89,440,739 was spent on maintenance of vehicles without an assessment report from SLRTA. It was recommended that the Director of Finance and Administration should provide an assessment report from SLRTA for audit verification within thirty days of the receipt of the report; otherwise the said amount should be refunded to the CRF.

No Vehicle Log Book

There was no vehicle log book for vehicles in the Office of the Chief of Staff and its units. It was recommended that the Director of Finance and Administration should introduce the use of vehicle log book within thirty days of the receipt of the report, otherwise the said amount should be refunded to the CRF.

Purchased Goods That Were Not Supported By Delivery Note

Goods worth Le224,563,109 were procured but not supported by delivery notes and store verifier certificates. It was recommended that the Director of Finance and Administration should provide the necessary supporting documents within thirty days of the receipt of the report or the said amount should be refunded to the CRF.

Payment Made Without Requisition

An amount of Le6,862,000 was spent without the authorised requisition. It was recommended that the Director of Finance and Administration should provide the necessary supporting documents within thirty days of the receipt of the report; otherwise the said amount should be refunded to the CRF.

Poor Management of Personnel

The following weaknesses in personnel management were observed:

- Staff did not sign the attendance register;
- Staff received their appointment letters without signing the acceptance letter to confirm that they have actually accepted the job;
- Files were attached with contract employment letter, but when such contracts were renewed, the files were not updated;
- Some staff salaries were not indicated on their appointment letters; and
- Objectives were not set for appraising staff in order to determine contract extension.

It was therefore recommended that the Director of Finance and Administration should provide evidence for audit verification within thirty days of the receipt of the report confirming that the above weaknesses in internal control procedures had been addressed.

Refer to the Table Of Common Issues (Page89) for further observations.

5.66 PARLIAMENTARY SERVICE COMMISSION (2013)

Poor Payroll Administration

The sum of Le23,205,702 was paid to seven (7) staff members who had attained the statutory retirement age of 60 years and were without extension letters. In addition, appointment letters for staff did not state the terms and conditions of their appointment. Furthermore, the pin codes of staff in the commission were not evidenced in the staff list as well as the payroll voucher and differences were observed on the date of birth on the staff list and NASSIT ID card requested from staff members. It was recommended that the Clerk of Parliament in collaboration with the HRMO should provide documentary evidence regarding staff were still on payroll within thirty days of the receipts of this report; otherwise the said amount should be refunded to the Consolidated Fund. The Clerk of Parliament should ensure that deficiencies in the Commission's internal controls on payroll were addressed within thirty days of the receipt of this report; otherwise the appropriate authorities would be advised.

Official's Response:

The clerk informed ASSL that action will be taken as soon as the commission sits and approves the conditions of service, which will capture all conditions for staff and related issues. He added that the staff concerned have been notified and terminated letters will be issued to them soon.

Auditor's Comment:

During the verification exercise the auditors were not provided with the relevant documents as stated in the management response. Therefore the issues remain unresolved.

General Observations

The Commission did not maintain approved conditions of service and a departmental attendance register was maintained but report on absenteeism and lateness was not evidenced for the period under review. It was recommended that the Clerk of Parliament should address the abnormally for audit verification within thirty days of the receipt of the report; otherwise it would impact on the opinion of the financial statements.

Official's Response:

No management response.

Auditor's Comment:

Management response was not received in respect of the above query. Therefore, this issue is unresolved.

Environmental Impact

The backstairs of the building was not ideal as it was utilized for deposit of scrap equipment. The Parliamentary Room One (1) floor, where the bank is located, was unhygienic and not in operation. Furthermore, one part of the perimeter fence was used for the disposal of waste; and the fishpond was not in operation and was seen as a breeding ground for insects. It was recommended that the Clerk of Parliament put mechanisms in place to improve the general environment.

Official's Response:

The clerk stated that that was also management's concern and they were working hard to ensure a safe and healthy environment for staff and others visiting Parliament.

Auditor's Comment:

Management's comment was noted. However, until improvement is made on the environment, this issue remains unresolved.

5.67 OFFICE OF THE ADMINISTRATOR AND REGISTRAR GENERAL (2013)

Revenue Collected Not Properly Accounted For

NRA cashbook recorded revenue collected at a total of Le727,651,764 which could not be traced to the Bank of Sierra Leone's bank statement. In addition, revenue recorded in the NRA cashbook for a total of Le3,898,059,947 did not reconcile with the total bank balance of Le3,665,327,405 as indicated in the BSL bank statements as at 31st December, 2013, this revealed a variance of Le232,732,541. It was also observed that a difference of Le152,641,384 on the NRA Transit Accounts no. 000-000801-32-00-01 at SLCB could not be traced to the BSL account no. 1100801. It was therefore recommended that the Commissioner of NRA should provide more information regarding monies collected as indicated in the cashbook, but not paid to the stipulated transit account. This was to be effected within thirty days of the receipt of the report; otherwise the said amount was to be paid into the CRF. In addition, the Commissioner of NRA should provide documentary evidence to explain the difference in cashbook and bank statements within thirty days of the receipt of the report, otherwise the said amount should be surcharged and disallowed. The Administrator General should provide documentary evidence for the difference in fund transfer.

Official's Response

The ARG stated that the total collections as contained in their cashbook was Le3,898,059,947 and amount traced to the Bank of Sierra Leone bank statement was Le3,665,327,405 leaving a difference of Le232,732,541 and not Le727,651,764. He however said he noted several lodgements that were made to the Sierra Leone Commercial Bank which could not be seen or traced in the Bank of Sierra Leone statement, but there was evidence of payment lodged to the Bank of Sierra Leone. Notwithstanding the above, most of the transfer to the consolidated funds by the Sierra Leone Commercial Banks was aggregated and not posted as carried in the bank pay-in –slips, and as a result it was often difficult to trace those individual lodgements, he further mentioned. He also said that he noted in the bank statement an amount of Le60,890,155 which was not shown in the 2013 bank statement but reflected on the January 2014 Bank of Sierra Leone bank statement, dated 3/01/2014. That they believed related to last year's collections, he concluded.

Auditor's Comment:

A draft agreement between NRA and all commercial banks for them to stop aggregation of daily deposit was provided to the audit team but this did not relate to the query raised. In addition, the deposits aggregated did not agree with the amount in the cashbook. The audit query clearly stated that the auditors were unable to ascertain that the said amount was deposited in the CRF. Therefore this issue still stands. The audit team was also unable to substantiate the evidence provided by the authority, given that the said amount was deposited, that gave a total of Le276,529,946 instead of Le232,732,541 as recorded in the cashbook. A variance of Le43,797,405 was observed for which no reasonable explanation was provided. Therefore this issue is unresolved. The NRA did not respond

to the query relating to the difference of Le152,641,384 on the NRA Transit Accounts neither did they provide the team with documentary evidence.

Conveyance Files Without Receipts

Copies of receipts were not attached to conveyance files for the sum of Le5,700,745. Recalculation done by the audit team, revealed that fees for land taxes were wrongly computed showing a difference of Le561,902 from expected revenue. It was recommended that the Administrator General should provide receipts for the said amounts within thirty days of the receipts of the report; otherwise, the said funds should be surcharged and disallowed. She should also provide documentary evidence regarding the understatement in the computation within thirty days of the receipts of the report; otherwise the said amount should be refunded to the CRF.

Official's Response:

The ARG stated that all photocopies of original receipts had been attached to conveyances for the said amount.

Auditor's Comment:

The files provided to the audit team for verification did not have photocopies of receipts attached, also wrong computations on land taxes need to be corrected therefore these issues are unresolved.

Management Of Deceased Estate

One tenth of the total payment deducted from deceased estates for the total of Le37,781,121 was not paid to NRA for the period under review. In addition, payments made to intestate beneficiaries for a total of Le27,483,925 were not supported by adequate documentation such as: files for individual, deceased estate (which must show details of deceased and beneficiaries). It was further observed that intestate beneficiaries paid 1% service fees totaling Le3,702,631. However, the auditors were unable to ascertain the revenue classification of the fee and if it was required by law. It was recommended that the Administrator General should produce evidence of payment of the said amount within thirty days of receipt of the report, otherwise, the said amount should be refunded to the CRF. She should also provide more evidence of the deceased such as: death certificates, bank identification cards, birth certificate of beneficiaries within thirty days of the receipt of the report; otherwise the said amount should be refunded to the CRF. The Administrator General should furthermore provide explanation on the use of such funds and whether such deductions were required by law, within thirty days of the receipt of the report; otherwise the said amount should be refunded to the CRF.

Official's Response:

No response was received.

Auditor's Comment:

During the verification exercise, receipt for payment in respect of the above fee was provided and verified. However, the audit query required the Registrar General to provide an explanation whether the 1% service fee deducted is required by law. Until an explanation is received in writing this issue remains unresolved.

Incomplete Bank Statements

Payments in the SLCB Transit Account's bank statement do not bear names of companies and individuals. Therefore, it was difficult to determine the purpose of those payments. It was recommended that all deposits made to the bank must be recorded and fully described by stating the name of individuals or companies, date of cheques and cheque numbers, to deter fraud and aid payments.

Delay In The Transfer Of Revenue

Revenue collected in the SLCB account was not transferred immediately as stated in the MOU. This also levied a 21% prime rate on late payments. This amounted to a total of Le2,568,167. It was recommended that the Commissioner of NRA should provide documentary evidence within thirty days as regards such funds not being paid to the BSL account.

5.68 HUMAN RESOURCE MANAGEMENT OFFICE (2013)

Training Policy and Training Reports not submitted for inspection

Training policy and report on training activities were not produced for audit inspection for all training undertaken from the EU support fund to the Civil Service Reform Program Project.

Official's Response:

The DG stated that a training policy has been developed as an output of the workshop on training policy for the Civil Service but it needs final approval by the Civil Service Steering Committee and Cabinet for it to come into effect.

Auditors Comment:

The requested documents were still not produced for inspection.

5.69 IMMIGRATION DEPARTMENT, NORTHERN REGION (2013)

Government Revenue Not Accounted For

A comparison between the bank pay-in slips submitted and the National Revenue Authority's (NRA) cash book in respect of the sale of passports and registration of non-citizens revealed a difference of Le209,460,000 which was not brought to account. It was recommended that the Regional Immigration Officer in collaboration with the National Revenue Office at the Immigration Department should ensure that the bank statements and pay-in-slips in respect of the queried amount of Le209,460,000 are forwarded to ASSL for verification within thirty days of receipt of this report; otherwise this may be considered a financial misconduct. In future, all the revenue generated from the sale of passports and registration of Non-Citizens should promptly be paid into an authorised account of government and the bank statements together with the pay-in-slips must be retained for audit and reference purposes.

Revenue Cash Book Not Made Available For Audit Inspection

The department's cash book/register for the registration of non-citizens was not made available for audit inspection. It was recommended that the Regional Immigration Officer should ensure that the department's cash book/register for the registration of non-citizens should be made available for verification within thirty days of the receipt of the report; otherwise Section 36(1) of the Audit Service Act, 2014 will be invoked.

5.70 SIERRA LEONE POLICE (2013)

Internally Generated Revenue Utilised Without Approval From The Ministry Of Finance And Economic Development

It was observed that Le2,997,016,256 generated as own source revenue for services rendered by the SLP, was utilised without the permission of the Minister of Finance and Economic Development. This issue had been observed over the past two years, yet the SLP had failed to obtain the permission of the Minister of Finance and Economic Development to resolve the matter. It was recommended that the Inspector General should produce/submit the approval from the Minister of Finance and Economic Development for the utilisation of this fund. This should have been done within thirty days upon receipt of the report.

Official's Response

The IG stated that there was a verbal consent by the then Minister of Finance (Hon. J. B. DAUDA) and the Financial Secretary after a meeting was held between the Sierra Leone Police Management, the Commissioner General of NRA and the Accountant General from the Ministry of Finance and Economic Development. He said that the Inspector General of Police had recently written a letter to the Ministry of Finance and Economic Development and the Accountant General for the use of the funds generated from the activities paid for, by some business organisations/ members of the public to the Sierra Leone Police as a way of complimenting the limited budget.

Auditor's Comment

During the verification exercise the auditors were able to verify the letter written by the Inspector General of Police to the Minister of Finance and Economic Development requesting his written approval for the utilisation of the revenue collected by the Sierra Leone Police. At the time of the verification exercise, an approval letter was not yet sent by the Minister. Until the Minister gives approval for the use of such fund, this issue remains unresolved.

Loan From Peacekeeping Account Remained Unpaid

Withdrawals from the Peacekeeping Account which totalled \$194,429 for normal operational expenses, while awaiting government subvention (with the intention of refunding same), remained unpaid and some serving officers who were required to contribute to the peacekeeping fund owed the sum of \$14,400. It was recommended that within thirty days of the receipt of the report, the Inspector General should provide evidence of the refund of \$194,429 into the Peacekeeping fund account and the repayment of the \$14,400 by serving officers.

Official's Response

The IG stated that there was no existing agreement between the Sierra Leone Police/ Government of Sierra Leone and the United Nation or the Africa Union. He added that that was due to the fact that police officers who were on UN or AU assignments were paid monthly subsistent allowances which went directly into their personal individual account and the Sierra Leone Government had nothing to gain from those allowances except that they were asked to pay monthly subscription of \$200 each into the Sierra Leone Police peacekeeping account. He further mentioned that the Sierra Leone Police had started paying back monies loaned from the peacekeeping fund and bank statements were now available for verification.

Auditor's Comment

\$194,429 and \$12,300 were still outstanding in respect of refunds to the Peace Keeping Account and debts by serving officers respectively.

Refund Of Travelling Allowance By Ten (10) Senior Police Officers

Payment voucher no. 050238 revealed that a sum of Le18,000,000 were received by ten (10) senior officers, who were to undertake training in Botswana, but it was later cancelled and there was no evidence of refunds made to the Consolidated Fund by these police officers. It was recommended that the Inspector General should recover the said amount from the officers concerned within thirty days upon receipt of the report, and paid to the CRF and evidence of payment forwarded to the ASSL for verification.

Official's Response

The IG stated that the ten (10) senior officers who received the Le18,000,000 to undertake training in Botswana and whose trips were aborted had been requested to make their respective refund of the said amount within the stipulated date/time.

Auditor's Comment

The auditors were able to verify pay-in-slip to the sum of Le1,800,000 as recovery from one police officer, leaving the sum of Le16,200,000 still outstanding.

5.70.1. SIERRA LEONE POLICE - EASTERN REGION (2013)**Inadequate Control Of The Collection, Recording And Banking Revenue**

The auditors were unable to determine the number of armed guard security services provided and therefore could not determine total revenue generated as database/contracts were not submitted for audit. In addition, deposit slips and bank statements to justify banking Le1,600,000 generated from the provision of armed guard security services, were not provided for audit. It was recommended that the Assistant Inspector General of Police, Eastern Region (AIG, ER) should ensure that the database/contracts for the provision of armed guard security services was created and maintained for reference purpose. The bank statements and pay-in-slips should also be forwarded to the audit office within thirty days of the receipt of this report, or the sum of Le1,600,000 be refunded immediately.

Official's Response

The AIG Eastern Region stated that the relevant documentary evidence i.e, armed guard security and bank deposit slips were now available for verification.

Auditor's Comment:

Documentary evidence in respect of contracts of armed guard security and deposit slips was made available and verified. Though correspondence requesting for bank statement were provided, the bank refused the request on the premise that the request was not made by the AIG, ER.

Unpresented Documents

Bank statements in respect of issuance of clearances and police reports; receipt books, and accountable document register were not produced for inspection. It was recommended that the AIG, ER should ensure that a systematic filing system was established for the safe custody of all

accountable documents and the requested documents should be forwarded to ASSL within thirty days of the receipt of this letter; or Section 36 of the Audit Service Act, 2014 will be invoked.

Official's Response

The AIG Eastern Region stated that the unrepresented documents are now available for verification

Auditors Comment:

The requested documents were still not produced for inspection.

5.70.2. SIERRA LEONE POLICE – NORTH EAST (2013)

Abandonment Of Vehicles And Motor Bikes

A total of twenty nine (29) vehicles and five (5) motor bikes that needed repairs or disposal were abandoned in the compound of the Sierra Leone Police North East. It was recommended that the Assistant Inspector General - North East should in collaboration with the Assets Commission, ensure that action was taken on the abandoned vehicles and motorbikes.

5.70.3. SIERRA LEONE POLICE – NORTH WEST (2013)

Refer to the Table Of Common Issues (Page89) for further observations.

5.71 SIERRA LEONE PRISONS SERVICE (2013)

Items Procured Were Not Physically Verified.

It was observed that a payment of Le4,551,000,000 (PV no. 034264) was made to Nicde and General Supplies, for the supply of security vehicles and other items to the Sierra Leone Prisons Services on the 22/11/2013. The security vehicles and other items were however not physically verified after the above down payment was made. The payment terms were not clearly explained in the contract. It was further observed that the contract did not state the conditions for payment in advance to the suppliers at 28.1%, 35.9% and 35.9% and an agreed delivery date. It was recommended that the Director of Prisons provided the items procured for physical verification, the list of beneficiaries and a clear explanation of payment terms in respect of the above procurement for audit verification within thirty days of the receipt of the report, otherwise the appropriate authorities would be advised.

Official's Response:

The Director of Prisons stated that at the time of the audit exercise, the security vehicles and other items were yet to be delivered. He noted that insofar as the payment terms were concerned that was clearly spelt out in the contract agreement in relative terms (%). He however said that immediately after the exercise, 10 of those vehicles would deliver the remaining items that were on their way coming. Those vehicles and the contract agreement were the delivery date and payment terms were spelt out would be made available for audit verification, he further mentioned.

Auditor's Comment:

During the verification exercise we physically inspected the ten (10) security vehicles and some other items which were delivered at the department's headquarters. Payment terms and other conditions as stated in the contract agreement were considered settled. However, items such as four shield trucks, a water tanker and a sewage disposal truck were not physically verified. Therefore this issue is considered unresolved.

5.71.1. EASTERN REGIONAL PRISON (2013)

Inadequate Management Of Personnel Records

Some staff member's personal files lacked vital information such as application letters, appointment letters, passport-size pictures, credentials and appraisals. It was recommended that the Regional Commander East should ensure that each file should contain staff details and documents as mentioned.

Official's Response:

The Regional Commander in his response stated that according to the Sierra Leone Prisons Service recruitment policy, every potential applicant must fill in a recruitment form accompanied by two passport size pictures. He also mentioned that the applicant must also take the intake examination as required, followed by an interview for successful candidates in the exams.

He added that apparently, all successful candidates must undergo a medical test and also screened by the criminal investigation department in Freetown before training commences. With the issue of personnel records, he said those were kept at headquarters in Freetown and successful candidates were issued with appointment letters by the DG of Human Resource Management Office, qualifying them as members of the civil service.

Meanwhile, the successful applicants' files with necessary details as observed were left at prisons headquarters in Freetown. However, plans were on the way to send files from headquarters for officers posted to the respective Regions and to be in custody of the Regional Commander, he concluded.

Auditor's Comment:

Our recommendation was not implemented as personnel records were not submitted for verification.

General Observation

The cells were very untidy and had more than four (4) inmates with one small mattress on the floor. There were also no recreational facilities and majority of the inmates suffered from arthritis. It was recommended that the Regional Commander-East should ensure that the prison was cleaned up to meet health & safety standards and informed headquarters about the need for additional accommodation.

Official's Response:

The Regional Commander stated that the Kenema male prison had some recreational facilities such as intelligent quotients games, draught, ludo game and footballs which the inmates always played to keep trauma off their minds. He added that the said centre was without a perimeter wall fence and the main bowl which accommodated the inmates within the inner walls of the structure cannot facilitate a wider space for other games such as volley ball etc., but football had been played on a six-aside basis. He said moreover, plans were underway to construct a perimeter wall fence with a wider space for recreational activities around the centre. On the issue of romanticism within the said centre he referred to the inmate treatment record ledger with the nurse-in-charge of the said centre in response to the query raised.

He further said that the Kenema male prison was built in 1898 by Portuguese engineers with a maximum capacity of seventy five (75) inmates which now accommodates over two hundred Inmates at a given time as a result of a rapid and dramatic population boom over the years.

Apparently, that made the region vulnerable to a new wave of criminal activities with an inadequate detention facility to accommodate this rising number of criminals when remanded, prosecuted and sentenced to jail terms, he mentioned. He said however, in the Kenema male prison, those awaiting trial constituted the greater population that caused the overcrowding at the centre. He also said that moreover, the officer-in-charge was required to keep and detain all persons dully committed to his/her custody by the judge, magistrate, Justice of the Peace and others through a warrant until that person was discharged by the course of law. He concluded that nonetheless, they do effect inter and intra regional transfers to other Prison institutions to decongest the centre.

Auditor's Comment:

The recommendations were not implemented. Therefore the issues are still outstanding.

5.72 METEOROLOGICAL DEPARTMENT (2013)

Poor Environmental Conditions

The environment was not conducive to enhance good staff performance. There was only one air conditioner located at the Director's office and staff were left with no option but to open all windows thereby exposing documents to dust and rain. It was recommended that the Acting Director, in collaboration with the Ministry of Transport and Aviation should put measures in place for improvement on the general environment.

Poor Record Keeping

It was observed that the file management system of the finance office of Meteorological Department did not have a proper filing system. It was extremely difficult to locate documents needed to verify transactions stated in the Vote Service Ledger.

Refer to the Table Of Common Issues (Page89) for further observations.

5.73 NATIONAL FIRE FORCE (2013)

Damaged Assets

Four (4) fire engines and one Land Rover command vehicle classified as unserviceable and damaged, were still kept in the department. They were not handed over to the National Assets Commission for timely disposal. It was recommended that the Chief Fire Officer wrote a letter to the Assets Commission about the disposal procedures of the said assets within thirty days of the receipt of the report.

Official's Response

The Chief Fire Officer noted the observation and stated that a letter written to the Assets Commission relating to the disposal of the unused fire engines and Land Rover command vehicle had been effected.

Auditor's Comment:

During the verification exercise, a letter done by the department to the Assets Commission was verified. Until the assets are disposed of, the issue however is still outstanding.

Unserviceable Water Hydrants

Out of a total of 300 installed hydrants in the city of Freetown in 2005, only 2 (two) were functioning. Furthermore, in a memo dated 17th January 2014, that matter was brought to the attention of the Ministry of Internal Affairs. The situation remained unchanged. It was recommended

that the Chief Fire Officer should follow-up on the Ministry of Internal Affairs to discuss remedial action to the above issue which may add value and /or improve their operations.

Official's Response

The Chief Fire Officer stated that it was true that the effectiveness of the National Fire Force was predicated upon the effectiveness of the water management supplies. He said that the observation that only two hydrants were functional in the whole city was true and the consequence was just not imaginable. He however said that management had made several follow-ups to the Ministry of Internal Affairs, ONS and Parliament, all calculated towards finding a workable solution for the hydrants to be functional. Yet, till then, there was no positive headway.

Auditor's Comment:

During the verification exercise, minutes of decisions and follow-up evidence as recommended by auditors regarding the water hydrant was not provided for audit inspection. Therefore the above issue is still unresolved.

Security And Environmental Threat

The office perimeter was not secured; therefore assets of the department could also be at risk. The general work environment was also not conducive. It was recommended that the Chief Fire Officer informed other stakeholders of the service regarding the security of property, threat to health and wellbeing and the general environmental condition of the department for necessary remedial action to be taken.

Official's Response

The Chief Fire Officer stated that the observation about the perimeter was quite in place and that updates to the Minister of Internal Affairs and other stakeholders would be affected.

Auditor's Comment:

During the verification exercise the Chief Fire Officer promised to factor the perimeter fence in the next budget to safeguard the properties as recommended by the auditors, however until that action is taken this issue is still unresolved.

573.1. NATIONAL FIRE FORCE, BOMBALI DISTRICT (2013)

National Fire Force Engine Not Licensed And Insured

The Fire Engine which was stationed in Makeni City was not licensed and insured up to the conclusion of the audit exercise. It was recommended that the Regional Commander should ensure that the Fire Engine was licensed and insured within thirty days of the receipt of the report and evidence of the documents forwarded to ASSL for verification.

Official's Response:

The Regional Fire Officer stated that the fire engine had been licensed and insured. He added that the registered number plate had been fixed on the fire engine with the relevant documents to be received soon.

Auditor's Comment:

The Fire Engine had been licensed with vehicle number NFF 012. However, the relevant documents were still not available for verification.

CHAPTER 6

PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

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6.1. PUBLIC ENTERPRISES, COMMISSIONS AND DONOR FUNDED PROJECTS

MAIN POINTS

■ What we examined

These are audits of the annual financial statements of state owned Public Enterprises and Commissions. The audit includes a formalised risk-based audit planning process, a review of internal control systems and procedures, physical examination of asset, substantive verification of samples of transactions to supporting documentation and such other tests as may be necessary in the circumstances. The focus is on conducting an in-depth examination of the financial statements and to determine whether they present a true and fair view of the financial position and operations for the accounting period under review. In determining what is true and fair the criteria used are the set of accountancy principles and financial disclosure requirements used to create the financial statements. These are set down in the professional requirements and guidance of recognised accounting standard bodies and to some extent in the law. Generally, public enterprises and commissions, each have distinct enabling legislation with which they must comply. Our audit examination includes a review for compliance with such legislation.

Audit teams examine the underlying accounting records, ‘the books’, from which the financial statements are prepared as well as the system of internal control in place to ensure the accuracy and overall integrity of how business is conducted. The examination is done in accordance with well-codified and accepted professional auditing standards and ethical requirements recognised by the public and private sector auditing profession around the world. At the end of the examination the auditors issue to shareholders, a short-form report called an Opinion. In this case generally the Board of Directors set up by government, also issue a Management Letter focusing on matters of importance in need of being addressed by management.

Why it is important

There is a public financial management principle embodied in the phrase ‘whole-of-government’ which strongly supports that for financial reporting purposes, as well as transparency and accountability, the government accounting entity should include all bodies coming within its ambit of control.

Public Enterprises and Commissions are within the GoSL’s ambit of control. They are created for varying legitimate reasons by governments everywhere. Their functions tend to be discrete activities of a commercial, semi-commercial or social policy nature or a combination of all of these. By their legal nature they are more arms-length from government than MDAs and as such are more remote from the scrutiny of Parliament. It is this remoteness, combined with the fact that to varying degrees they both earn and expend public funds, which makes scrutiny by an independent external auditor on an annual basis all the more important.

In Sierra Leone, Public Enterprises and Commissions carry out a broad range of functions. They are in the critical areas of water and power supply, road construction, tertiary level education, narcotics control, banking, ferries and shipping, telecommunications and mineral resources, to name but a few. As such they represent a significant amount of economic activity in Sierra Leone and have a major impact on infrastructural development as well.

For all of these reasons the audits of Public Enterprises and Commissions are of considerable importance.

What we found

In general and across virtually all Public Enterprises and Commissions the significant matters identified in the audit examinations fall into the following areas:

- Poor management of procurement transactions;
- No supporting documentation for transactions;
- Relevant supporting documentations missing and
- Mismanagement of assets mainly in the area of not making use of asset registers.

There are also instances of poorly managed or largely non-existent document filing systems, inadequate personnel records, payroll calculation errors and less than well-functioning internal audit departments.

These observations are expanded on in greater detail in the paragraphs to follow. Overall they suggest a need for greatly improved financial management with a clear focus on basic principles of internal control, e.g. appropriate segregation of duties and sound procedures for authorizing, recording and reporting transactions.

Detailed Findings and Recommendations

Non-Submitted Accounts

As at 31 March, 2014, the following Public Enterprises and Commissions had not submitted their accounts for the 2013 financial year.

Table 6.1 – Non-Submitted Accounts	
INSTITUTION	FINANCIAL YEAR
Guma Valley Water Company	2013
National Power Authority	2012&2013
National Council for Technical, Vocational and other Academic	2012&2013
National Commission for Democracy	2013
Milton Margai College of Education and Technology	2013
Sierra Leone Standards Bureau	2012&2013
Sierra Leone Water Company	2013
Petroleum Directorate	2013
Sierra Leone Maritime Administration	2013
National Electoral Commission	2013
Sierra Leone Roads Transport Authority	2013
The Medical & Dental Council of Sierra Leone	2013
Njala University	2013
Sierra Leone Postal Service Limited	2012&2013
Independent Media Commission	2013
Sierra Leone Stock Exchange Company Limited	2012&2013
Petroleum Unit	2012&2013

Late Submission of Accounts

Again, too many Public Enterprises and Commissions submitted their accounts beyond the stipulated date of 31 March, 2014.

Table 6.2 – Late Submission of Accounts		
INSTITUTION	FINANCIAL YEAR	DATE OF SUBMISSION
Office of National Security	2013	6/5/2014
Tertiary Education Commission	2013	19/5/2014
Sierra Leone Investment and Export Promotion Agency	2013	28/5/2014
Sierra Leone Broadcasting Corporation	2013	29/8/2014
Sierra Leone Agricultural Research Institute	2013	30/10/2014
University of Sierra Leone	2012 and 2013	15/10/2014
Sierra Leone State Lottery	2012 and 2013	12/5/2014
Sierra Leone Housing Corporation	2013	16/10/2014
Law Reform Commission	2012 and 2013	29/5/2014
Sierra Leone Housing Corporation	2013	16/10/2014
Sierra Leone National Shipping Company	2011 - 2013	10/11/2014
Statistics Sierra Leone	2013	12/5/2014
National Telecommunications Commission	2013	27/10/2014

6.2. COMMON ISSUES

A number of audit issues to be reported apply to several institutions. These common issues outlined in the paragraphs below. Table 6.3 shows the institutions to which each of these issues relate and where appropriate, values are also included. It should be noted that only the most common issues are addressed here. Other audit issues are reported under the report sections relating to specific public enterprises.

Procurement Irregularities

For the procurement of goods and services the National Public Procurement Act, 2004 establishes rules and regulations which must be adhered to for the proper execution of procurement. ASSL observed flouting of procurement rules that amounted to **Le12,744,771,993**. In most non-compliant cases, goods and services were acquired without basic documentation such as contracts, evaluation reports, minutes of bid opening meetings or evaluation meetings and other records of procurements undertaken. It was recommended that the NPPA rules be adhered to in future. In many cases, it was requested that the vote controllers submit the relevant documents to the Auditor General within thirty days of receipt of the audit report or otherwise the funds expended should be recovered.

Payments Without Supporting Documents

Section 73(1) of the FMR 2007 states that all disbursements of public money should be supported by an appropriate payment voucher and other relevant documents. Supporting documents for payments made by public enterprises, which totalled **Le2,792,702,886** were not presented for audit inspection during 2012. As these documents were not made available, there is the risk that these payments were for goods or services that were not actually delivered to the respective institutions.

In addition, it was impossible to conclude as to whether these payments had followed the proper procedures as set down in law. It was recommended that all supporting documents in relation to these transactions should be submitted to ASSL for inspection and, in future, ALL supporting documents must be attached to PVs and retained for audit purposes.

Payments Without Adequate Supporting Documents

Other disbursements totalled **Le200,092,550**, were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation as well as the payment voucher. It was therefore recommended that the institutions concerned should submit the relevant supporting documents to the ASSL. In future, ALL supporting documents should be retained and made available for audit inspection.

Monthly Bank Reconciliations Not Prepared

A number of public enterprises audited did not perform monthly bank reconciliations during the period subject to audit. Inadequate control over cash is a common issue across the Sierra Leonean public sector. It is critical that institutions properly reconcile the statements received regularly from commercial banks and cashbook records maintained within their administration. This ensures that accounting entries recorded in the cashbook represent all transactions carried out and that amounts recorded are correct. Failure to reconcile the bank accounts in such a way raises question marks not only of the cash balance recorded in the cashbook, but also over revenue and expenditure items reported.

It is critical that ALL public sector institutions perform bank reconciliations shortly after the end of each month. All differences should be fully investigated and the appropriate corrections made to the cash book. Reconciliations should be performed by a finance officer and signed as reviewed by a senior finance officer.

Mismanagement of Fixed Assets

A number of public enterprises audited did not maintain Fixed Assets Registers and this contravenes section 231(1) of the FMR 2007. Failure to maintain a Fixed Asset Register makes it virtually impossible to maintain adequate control over assets held. In addition, these registers are necessary to support fixed assets balances and depreciation expenses as presented in the financial statements. Fixed Assets Registers should be introduced immediately and the heads of public enterprises must ensure that the location and state of all assets are checked on a regular basis, evidence of which must be documented. Some institutions maintained Fixed Assets Registers that were not fully up to date. Verification of assets carried out during some audits identified that some assets acquired were not properly included in the registers. This means that assets may have been misappropriated and that the financial statements of the respective institutions have been misstated.

Management must ensure that all Fixed Assets Registers are updated on a regular basis and include all assets purchased and disposed of. In other instances fixed assets were not coded / labeled to be easily identified as the institution's assets. Failure in such requirement results in assets being easily carried away or converted into private use.

Table 6.3- PE Common Issues

MDA	Procurement irregularities (Le)	Payments without SD (Le)	Payments without adequate SD (Le)	No Bank Reconciliation done	Mismanagement of Fixed Assets
National Telecommunications Commission-NATCOM (2012)			73,380,300		✓
Sierra Leone Ports Authority (2013)	1,454,743,159				
Sierra Leone Commercial Bank (2013)					✓
Rokel Commercial Bank -Sierra Leone Ltd. (2013)		237,000,000			✓
Sierra Leone National Shipping Company Ltd.(2010)		835,210,617			✓
Road Maintenance Fund Administration (2013)		899,085,000			
National Power Authority (2010)		517,000,321		✓	✓
Independent Media Commission (2011)					✓
NASSIT (2011)	2,597,383,744 8,430,352,000 (\$2,107,588)				
College Of Medicine And Allied Health Sciences (2007)		99,317,200		✓	✓
Fourah Bay College (2007)		122,128,998			✓
Institute Of Public Administration And Management IPAM (2007)		82,963,750		✓	✓
University Secretariat (2007)				✓	✓
Global Agriculture And Food Security Programme, (June 2012 - October 2013).			32,568,250 94,144,000 (\$23,536)		
National Minerals Agency (2013)	262, 293,090				
Sierra Leone Standards Bureau (2009, 2010 & 2011)				✓	
National Tourist Board Of Sierra Leone (2012)					✓
Total	12,744,771,993	2,792,702,886	200,092,550		

6.3. BANK OF SIERRA LEONE (2013)

Fixed Assets Holding Account

Items valued at Le56,048,600 were still held in the working-in-progress account as at 31st December, 2013 (described as fixed asset holding account), even though they should have been reclassified into the various fixed asset categories and the fixed assets register updated accordingly. It was recommended that timely review should be carried out by management of the assets holding account and the reclassification of all completed assets so as to commence depreciation computation. The Fixed Assets Register should also be promptly updated; and the General Services and Accounts and Budgeting departments should ensure that the bank's policies and procedures relating to assets are fully complied with.

Accounting Errors On The Treatment Of Certain Transactions

The following errors were noted during the course of our audit:

- Motor vehicles disposed of were not accounted for in the General Ledger and were still included in the Fixed Assets Register;
- Credit balance (overpayment) by Commonwealth Secretariat included in loans and advances;
- Treasury main debit balance treated under deposit liability;
- J P Anderson credit balance treated under other assets;
- Proceeds on sale of fixed assets (motor vehicles) treated as sundry receipts; and
- Fixed assets holding account written off the books.

It was recommended that proper accounting treatment of all transactions should be carried out and the accounts and budgetary department should take responsibility of reviewing monthly management reports so as to ascertain that they are free from material errors.

Non-Accounting For Interest And Principal Repayment From Community Banks

During the substantive reviews on loans and advances to community banks and the Sierra Leone Stock Exchange, it came to attention that interest due and principal payment from those community banks and the Sierra Leone Stock Exchange were completely omitted from the books. These were loans issued out by the central bank and therefore it was expected that both interests and principal amount were recovered. It was recommended that timely computation, reviews and monitoring of the above loans and advances and also follow-up of payments from the community banks and Sierra Leone stock exchange should be done. In addition, management needs to be assessing the financial status of these community banks and the Sierra Leone stock exchange in order to ascertain recoverability as well as making adequate provisions for bad debt.

Lack Of Supporting Documents On Loans And Advances

During the review on advances, supporting documents for the sum of Le502,951,047 were not provided neither explanation was received from General Services and Accounts and Budgets Department in respect of the purpose for which those amounts were advanced. It was recommended that management should put control measures in place to ensure that all source documents were obtained to support financial transactions and filed in an organised manner.

Resource Constraints In Accounts And Budget Department

A very significant gap was noted between the Director, Accounts and Budget as the head of the department and the rest of the staff in terms of delivery, capacity and competency in handling accounting issues as well as other functionalities of the department; especially in the facilitation of the audit exercise as the auditors could not obtain information on a timely basis. In addition, most of the support staff in that department were totally unfamiliar with accounting issues in general. It was recommended that the accounting department, which is considered the backbone of accounting at the bank, should be manned by professionally qualified staff.

The Deputy Governor's Office

The Deputy Governor's vacancy had been pending since October 2013 and such position has direct responsibility for the day-to-day administration of the bank. Management and the Board of Directors are therefore urged to ensure that a proper and timely follow-up is made in this area in accordance with Section 15 of the Bank of Sierra Leone Act 2011.

Accounting Issues At The Bank Of Sierra Leone

Several errors/mispostings were observed during the course of the audit. Specifically, the following accounts were affected:

- Other reserve investment account;
- Interest income on West African Monetary Institute(WAMI) Capital contribution account;
- Special assets security account;
- The 91 days Holdings Treasury Bills account; and
- Notes and coins in circulation.

Considerable time was spent by the auditors in identifying these errors and providing audit journals to rectify them. It was recommended that, controls surrounding the review of account balances by persons independent of those who did the actual postings, need improvement.

Review of Other Liabilities – Cash Advances

Cash advances given to staff for various incidentals were not retired within the stipulated time of two weeks as per bank policy. It was noted that for items to be retired, the recipient of the cash advance should provide receipts as proof of expenditure. As at 31st December, 2013 a total amount of Le101,052,500 had not been retired. It was recommended that management should ensure proper implementation of the bank's policy on cash advances generally.

Review Of Other Income

An effective review of the following accounts was not done for the period under review.

- **Grant Income Account:** grant income for computers and vehicles donated to the bank by World Bank and IFAD was not duly amortised for the period. Grant was only amortised for eleven months in the year.
- **Rent Received Account:** Rent received from the Government Gold and Diamond Office (GGDO) was only amortised for four months with the remaining five months rents unamortised. The rent received from Petroleum Unit was amortised for three months with the remaining rent paid for the nine months unamortised.

It was recommended that management should exercise full control over those transactions and book all adjustments appropriately to recognise the misstated income in the financial statement.

Review Of Income On Treasury Bills

The treasury bills register maintained at Financial Market department was not updated monthly. This resulted in differences in the computation of interest income on treasury bonds and closing balances of treasury bearer bills. Numerous errors were also depicted and the T24 system wrongly captured the nominal value of the Treasury Bill as interest income. It was recommended that the Treasury Bill Register should be reviewed monthly in order to identify errors and appropriate action taken to resolve the issue.

Journals Booked By Non-Accounting Staff

Staff in the Financial Market and Banking Operations Departments had little or no accounting knowledge in identifying and booking accounting journals into the system. This resulted in wrong posting of transactions, inaccurate treasury bearer bond register and numerous accounting errors generally. It was strongly recommended that management should either deploy individuals in those departments with accounting knowledge or involve the accounts and budgets department in the review and monitoring of transaction processing. Management should also ensure that the treasury bonds register was regularly updated.

It Environment

System Functionality/Configuration Error

The bank migrated from the legacy system “Core Banking Application” to the T24 banking application in order to enhance its payment system and financial transaction processing in line with other West African countries operating within the West African Monetary Zone (WAMZ) and under West African Monetary Institute (WAMI). Differences were however noted between the Leone bank balances on the T24 banking application and the Sun Systems financial reporting application for some foreign accounts. It was recommended that the foreign accounts in T24 database should be redesigned on individual basis as in the SUN Accounting System. Additionally, we recommend that a detailed post implementation review or assessment should be carried out to ensure that the system implementation was carried out appropriately according to the bank’s transaction processing requirements.

Physical And Environmental Controls

The following weaknesses were noted as regards the physical and environmental controls at the Bank of Sierra Leone server rooms:

▪ Freetown

- There was no visitor’s logbook or log sheet used to log daily movement of visitors and consultants into the server room.

▪ Kenema

- The log book to record individuals was not completed during the period under review, except on a single day (15 April 2013);
- There were flammable materials in the form of plastic material, cardboard boxes and wooden equipment located in the room;

- There were loose cables in the server room;
- There was no recording or monitoring of the office room temperature;
- There were no environmental control monitoring sensors in the office such as water or humidity sensors;
- There was no fire suppression unit or fire extinguishers present within the server room; and
- Fire extinguishers in close proximity to the server room had surpassed their service date of March 2014.

It was recommended that a standard policy detailing proper environmental controls and detailed guidelines on access into the server room should be adhered to and all staff and visitors entering/leaving the server room must sign the register. In addition, policies should be enforced to ensure that only approved visitors and users should have access to the company's critical hardware. The IT infrastructure should also be protected appropriately. Furthermore, any staff, agents of the group or any third party including visitors must have a legitimate business reason to access data centres and equipment rooms. Such persons must be signed in by an authorised member of staff and should be supervised while in the facility. Flammable materials should be removed from the server rooms in order to minimise the risk of damage to IT equipment in the server room by fire. Environmental control equipment should be installed in the server room and the temperature should be monitored in order to safeguard infrastructure.

Access Administration

User registration forms used to grant individuals access to the bank's application systems do not state the access rights individuals should be granted access to, as well as the justification why an individual should be granted access to the stated functionality. Users of the banking and financial applications were not disabled from the application systems, thereby posing a risk of irregular system use. It was recommended that compliance of the use of documented and approved logical access procedures, should be stringently enforced and the bank should immediately disable the accounts of terminated individuals from its network and business application.

Monitoring And Risk Assessment

Monitoring and risk assessment policies and framework should be implemented within the organisation with responsibilities assigned. Internal audit performs regular entity wide risk assessment reviews in order to identify significant risks, especially in IT related processes relevant to financial reporting. Based on the risk assessment, internal audits are carried out on integrated audits on various operations on an individual basis in accordance with an approved Annual Audit Plan. The plan includes the review of IT systems and applications databases within various business processes. Two reviews were however expected to be carried out on the operations of the Management Information Systems Department (MISD) in 2013. The review on end-user computing was carried out in 2013 but was finalised in 2014. The one on IT security was not carried out. It was recommended that current internal audit review plans regarding system reviews should be carried out consistently with prompt reporting.

Official's Response

The management stated that the IT Security Audit was not carried out as planned because the MISD did not endorse the Engagement Letter to commence the audit as they were involved in the implementation of the WAMZ Payments System. However action had been taken to carry out the audit in the second quarter of 2014, he mentioned.

Business Continuity/Disaster Recovery Plan

The disaster recovery plan lacked critical information such as recovery point objectives and the document was not formally signed off by senior management;

The following weaknesses were noted with regard to the disaster recovery site at Spur Road:

- The time-stamp on the finger print biometric scanner at the disaster recovery site was not synchronised with the system time and there were no system logs from the device.
- The output screen to enable monitoring via the IP cameras output was not functional at the time of our visit.

It was recommended that management should review the document in order to ensure that it was in line with leading standards such as the Business Continuity Management Standard (BS25999) and COBIT 5 and senior management should sign it off. In addition, detailed results of testing activities of the DRP/BCP should be documented as a means of identifying and rectifying such faults as noted above. Furthermore, management should ensure prompt rectification of the faulty monitoring equipment and logs should be monitored and reviewed by senior personnel.

Antivirus Not Installed On Servers

The main server at the Kenema branch was not installed with the ESET Smart Security antivirus. It was recommended that the ESET antivirus software should be installed on the server and all equipment that are vulnerable to viruses must have an approved antivirus control package installed and running.

Helpdesk Not Monitored

There was no monitoring of the helpdesk and no review reports were produced. There were also no log sheets maintained during the period under review. It was recommended that the bank should implement formal procedures for handling all IT issues raised by users. This should involve the following:

- Recording;
- Allocation;
- Prioritisation;
- Escalation;
- Resolving, and
- Analysis of all IT issues raised by users.

It was also recommended that log sheets should be maintained of issues raised on the helpdesk and monitoring of the Bank of Sierra Leone helpdesk.

Outstanding Issues From Previous Report

Security and safety lapses – Kenema Branch

The following were still outstanding issues:

- Inside the vault room (right from the entrance and some sections of the walls), floors and the ceiling had been damaged by water that leaked in when it rained. This had affected the lighting system inside the vault room. Based on discussions with an electrician, we noted that there were instances when sparks were seen coming from the lights due to the electrical malfunctions;
- It was also noted that there was only one exit point from the vault to the main entrance of the bank. In the case of fire or any emergency, the staff in the vault would be in danger with no point of exit;
- One of the security light generators was out of order and needed to be repaired; the other two generators were being outstretched as they were being used for operations during the day and at night;

Computer Operations

The use of the IT checklist was still not in practice within the organisation.

6.4. SIERRA LEONE COMMERCIAL BANK (2013)

Review Of Management Letter For The Year Ended 31 December, 2012

We conducted a review of the above-mentioned report to establish the extent to which action was taken on the matters raised. We noted that action has been taken on some of those matters but the issues noted below remained matters of concern:

- Loans and advances classification;
- Customers loans and advances exceeding the approved limit;
- Adverse variance between the budget and the operating profit and loss;
- Lack of dual control at the Siaka Stevens Street branch vault cash register;
- Long outstanding items in the Bank of Sierra Leone current account reconciliation statements;
- Operational suspense accounts with significant balances at the end of the year;
- Failure to provide list of dormant accounts reactivated during the year under review; and
- Cash held in the vault exceeding the bank's insurance limit.

It was recommended that timely consideration should be given to matters raised and they should be addressed promptly.

Official's Response

The MD said that the bank noted comments mentioned in relation to matters raised in previous audit not completely and fully resolved. He stated that he noted specifically that issues relating to loans and advances in some instances were of a structural nature and would only be resolved over the course of time. He added that matters relating to operating budgetary variances were also of periodic nature, depending on several factors at the time of the budget and the ensuing actual period and had the inherent recurring tendencies. All other issues raised and not specifically mentioned above were addressed in the main body of this report.

Auditor's Comment

The issues are yet to be fully resolved.

Loans And Advances – Approval

During the review of the lending portfolio, it was noted that some key information/documents required to process the request for the facilities were missing. Examples of those instances include:

Name	Findings
Shadow Minerals	1. Signed audited financial statements 2. BSL confirmation of credit status
Zamfa Enterprise	1. Insurance policy on property supporting the legal mortgage
Orient	1. BSL confirmation of credit status 2. Loan secured on personal guarantee
Threemems Enterprise	1. BSL confirmation of credit status 2. Signed audited financial statements
Pontar Trading and Construction	1. BSL confirmation of credit status 2. Loan secured on personal guarantee
Razpec Holdings (SL) Ltd.	1. BSL confirmation of credit status 2. Signed audited financial statements
Atlantic Construction	1. BSL confirmation of credit status 2. Signed audited financial statements 3. Insurance policy on security

The review also revealed the following issues:

Zamfa Enterprise

Security provided had been used to secure a loan from the Union Trust Bank under the name of Mohamed Tarawally.

Pontar Trading and Construction

The Bank of Sierra Leone Credit Reference Bureau confirmation stated that this business was indebted to the Sierra Leone banking system, where two of their debts had been classified as loss and another as doubtful. In addition, the overdraft facility had expired but no request for renewal of the facility was seen.

Fantomas Services

The overdraft facility was extended beyond its expiry date but no extension approval was seen.

Freetown City Council

The facility had expired since 31st December 2011. Total credit into the account for the year under review was also not enough to cover the interest on the facility.

Safecon Petroleum

The overdraft limit was Le1billion, but the exposure as at 31st December, 2013 was Le1.618 billion. A signed audited financial statements was not provided and the purpose for the facility was not stated on the request form.

Security Support Group International

The Credit Reference Bureau noted that the customer was indebted to the Sierra Leone banking system to the sum of Le3.1billion, which had been relegated to the loss category.

It was further noted that the collaterals held on loans, overdrafts and guarantees for the following customers were inadequate for their respective exposures:

Customers	Total (Le)	Value of Security	Type of Security
Taia Resort Limited	9,969,565,000	4 bn	Legal mortgage
Barrows Construction Company Limited	8,003,975,800	US\$1m	Stacco Insurance Co.
Conteh U Engineering/Hotel Conteh U	7,807,871,000	5 bn	Legal mortgage
Sierra Fishing Company Limited	6,886,451,000	5 bn	Debenture Mortgage
Integrated Engineering Services	6,758,546,000	3.8 bn	Legal mortgage
Marika Enterprises	5,846,524,000	2.5 bn	Legal mortgage
Cardinal Investment Limited	4,949,716,000	Euro 105K/CM Le985M	Lien on FX/ Legal mortgage Le3BN
Tritex Universal Trading Company	4,527,679,600	NIL	Simple Deposit
G Shankerndas and Sons Limited	3,295,890,000	Le3 bn	Legal mortgage
Digital Systems Enterprise	2,397,547,000	1.3 bn	Legal mortgage
North Star Enterprise	2,063,966,000	200,000/42 2,868	Cash/Cash Margin
Infiniti Trading Limited	1,836,351,000	Nil	Nil
Abraham A-H Daklalah	1,614,451,000	1.3 m	Legal mortgage
Mobawa Enterprises/Danaisha Enterprises	1,539,152,000	800 m	Legal mortgage
Safecon Limited	1,468,850,000	Nil	Nil
Sayenu Industries Limited	1,436,613,000	1 bn	Legal mortgage
Sierra Leone Road Transport Corporation	1,421,545,000	NIL	NIL

It was recommended that all relevant information should be obtained and adequate securities taken prior to the granting of facilities.

Official's Response

The MD noted that audited financial statements were not a mandatory requirement for all categories of customers. Additionally, they confirmed that the credit management discipline had been reinforced to seek BSL credit confirmation status where that was required before facilities were granted going forward. He added that specific customer responses were noted. Regarding collaterals not adequate to support current exposures, he noted that the current values of some of the facilities were in excess of the security originally submitted largely due to the impact of accrued interest on those exposures overtime. Additionally, he mentioned that the bank would like to note that the current market values for some of those securities were in excess of their book values stressing that the current credit governance environment ensured stringent compliance with the adequacy of securities before facilities were granted. Vigorous steps were being taken to regularise accounts positions within substantive limits, he concluded.

Auditor's Comment

No valuation report or certificate was provided to support the current value of these securities.

Loans And Advances - Classification

In accordance with the prudential guidelines of the central bank, loans and advances were required to be classified into four categories - current, substandard, doubtful and loss. The categorisation determined the level of provisions to be made. It was however noted that some of those loans and advances were not properly classified in the draft reports submitted to the ASSL. It was recommended that the review of the lending portfolio for purposes of determining the amount of provisions to be effected in the books be made thorough.

Official's Response

The MD noted the exception regarding the classification of facilities in accordance with prudential guidelines. He wished to state that the bank undertook a comprehensive review of its loan portfolio in August 2013 with specific emphasis on the top 200 exposures (representing 65% of total loan portfolio). He said that the exercise involved a detailed analysis of the performance of those exposures and the results adequately documented with resultant recommended provisioning figure close to the final audit outcome. He mentioned that the delay in recognition of those classifications and provisioning amount before year end was largely due to ongoing conversations with the MOFED on government related exposure and also ongoing restructuring of some exposures. Additionally, he mentioned that management through the newly constituted Credit Asset Committee was working on ensuring internal credit grading of accounts to provide for timely identification of early warning signals with appropriate recommendations for downgrade. That will enhance overall discipline in the management of the Lending Asset portfolio with prudent and timely recognition of asset impairment, he concluded.

Auditor's Comment

Official's Response was noted, however the issue still stands.

Accounting Entries

Some of the operational suspense accounts had significant balances at the end of the year. Those accounts were mostly transit accounts where the entries were supposed to be cleared with the passage of time. The lists of items/transactions comprising those balances were however not made available to the ASSL and as a result could not test for long outstanding items. It was recommended that management should step up its effort to monitor and investigate those balances and have the accounts properly reconciled. It was also recommended that a particular focus should be placed on the main items and the same be regularised or written off.

Official's Response

See under mentioned table:

GL Code	GL Description	Comments
130103000	Cash suspense account	Account used to manage cash movements between the BSL and vault. Balance relates to movements that were outstanding at year end. This account is of a transit nature and will not nil of at a particular date.
140104000	Provincial clearing suspense	Clearing account for provincial branches. Balance relates to outstanding items on cut-over to the ACP/ACH systems and is being investigated for resolution.
140105000	Local banks clearing account	Items relating to clearing positions being investigated for resolution.
160101000	Stationery stock	Expenses are matched periodically as utilisation takes place. This is done twice a month: mid and end of month; and stock count may show minor differences with the GL due to timing difference between stock receipt at stores and accounting at finance.
160102000	Computer stationery stock	The credit balance in the account is due to over-charging of computer stationery stock position. Issue being investigated by finance team to ensure reconciliation to the actual computer stock holding at year end.
160110000	Cheque book stock	The credit balance on this account is due to earn income on cheque book sale not recognised at year end largely due to head-office not uplifting the branch cheque sales proceed account at year end.
160304000	Accrued COT	COT charges structured as receivables for key relationship accounts. These charges are normally wound down at set times through recognitions into respective customer accounts.
160305000	Interest receivable on loans	Interest charges structured as receivables for key relationship accounts. These charges are normally wound down at set times through recognitions into respective customer accounts.
160306000	Interest receivable on overdrafts	Credit balance on this account is due to systems set-up parameters resulting into income on overdraft not fully accounted for at year end.
160308000	Interest receivable - interbank balance	These are receivable from placement with other banks in the industry. Positions are normally wind-down upon expiration of contracts.

Auditor's Comment

Management responses were noted; however the issue was still outstanding.

Customers' Deposits

The review of the account opening and closing registers and a sample of customers' accounts opened or closed during the year, revealed that some of the items tested for compliance with account opening procedures indicated that there was no evidence of proof of address. In some instances also, there was no evidence that references were obtained. Account opening and closing registers were not signed off by the appropriate personnel for a significant period during the year. In some instances it was difficult to determine from those registers whether an account was opened or closed, as the registers did not clearly indicate so. It was recommended that strict adherence and monitoring of operational procedures should be carried out.

Official's Response

The MD stated that the bank had commissioned a mandate recovery team in 2012 intended to remedy KYC deficiencies in accounts maintained. He noted that they were yet to fully resolve all exceptions and decision had been taken to strengthen the team. He added that management had reinforced discipline over the account opening process and the newly created compliance unit was now undertaking period review of new accounts opened. He further stressed that management will ensure that officers responsible signs-off on account opening and closing registers going forward.

Auditor's Comment

We noted management response. However, the issue was still outstanding.
Refer to the Table Of Common Issues (Page 211) for further observations.

6.5. ROKEL COMMERCIAL BANK -SIERRA LEONE Ltd. (2013)

Monitoring and Control (Control Environment)

Weak Board Oversight and Composition

Even though the auditors' review of minutes from the board of directors meetings indicate that there had been regular board meetings with minutes maintained, the following came to their attention:

- The bank's deteriorating financial performance was marked by huge loan loss resulting from very bad lending due to diligence, lack of basic prudential caution by management, as the bank continued to issue additional facilities to customers who had already dishonored their credit terms. This was attributable to the very weak board oversight in credit risk management and control by failing to take remedial action on time which would have prevented the bank from incurring huge financial losses.
- Section 5.5 of the prudential guidelines provided that "*the board through its nomination committee or similar board committee should regularly review its required mix of skills and experience and other qualities in order to assess the effectiveness of the board. Such review should be by means of keen and self-evaluation of the board as a whole, its committee and the contribution of each and every director, including the Chairman*". The auditors did not however see any evidence of such board subcommittee nor of such board peer and self-evaluation in order to ensure that all directors, CEO and management were made fully aware of their duties, responsibilities and code of conduct; and that all management decisions were made in accordance with prudent banking practices.

Consequently, the auditors noted that the composition of the board lacked members with banking and or finance experience as well as training. A review of their profiles indicated that the composition was mainly biased towards the fields of education, engineering, agriculture, and mining just to name a few. This had affected the bank in making prudent financial decisions on time as well as scrutinising and challenging critical management decisions and judgments where necessary. This had pervasive effects on the overall control and direction of the bank. Le11.3 billion worth of small and medium-sized enterprises (SMEs) loans had to be written off the book as at 31 December, 2013. It was recommended that the composition of the board of directors should include professionals with banking and or finance experience in order to steer the affairs of the bank properly and also preserve the interest of shareholders. The board should also be more proactive in challenging and putting management to task for critical decisions in order to ensure that all decisions are taken in the best interest of all relevant stakeholders and at all times.

Official's Response

The MD noted the observations and recommendations and advised that would be taken up with the National Commission for Privatisation (NCP) who were representing the majority shareholders.

No Evidence Of BSL Approval For All Directors

Section 16 of the Banking Act 2011 provided that the appointment of any director or executive officer of a bank should be concluded only with the prior approval of the Central Bank. The auditors did not come across any evidence of such approval from the Bank of Sierra Leone for all the Directors and Executive Officers of the bank; furthermore there was no evidence of a fit and proper test for the Directors and Executive Officers of the Bank in terms of qualification, experience and integrity.

Section 16 of the Banking Act 2011 provided that the appointment of any director or executive officer of a bank should be concluded only with the prior approval of the Central Bank. The auditors did not come across any evidence of such approval from the Bank of Sierra Leone for all the directors and executive officers of the bank. Furthermore, the auditors did not see any evidence of a fit and proper test for the directors and executive officer of the Bank in terms of qualifications, experience and integrity.

"Section 5.3.4 of the revised prudential guidelines also required that no individual shall serve in an Acting Capacity continuously in a management position of the Bank for more than one year". The auditors however noted that the acting Credit and Risk Management Director had been acting in that capacity for more than one year in contravention of the above mentioned requirement of the prudential guidelines. It was recommended that the bank should endeavour to comply with all regulatory requirements and evidence of such compliance should be maintained for easy and quick reference. The board should also include in its deliberations, the bank's level of compliance with those guidelines in order to ensure the effective and efficient running of the bank.

Official's Response

The MD said that the observations and advice would be taken to address the issues raised and he reiterated the point that the non Executive Directors were appointed by the majority shareholder and National Commission for Privatisation (NCP).

Risk Management Considerations

Non-Compliance with The Bank Risk Acceptance Criteria

The bank has laid down guidelines to be adhered to in respect of lending practices and procedures in a form of a lending policy which states among others the minimum requirements that will aid in arriving at a decision whether to enter into a credit relationship with a customer or not. Those include:

- Credit request must be supported by a written application from the customer specifying the purpose, tenure, amount and sources of repayment;
- Approved facility letter with terms and conditions must be communicated in writing to the customer and copy of such acknowledgment be given to the customer;
- Customer should present meaningful business propositions supported by adequate/appropriate financial information; and
- Proposal should be supported by at least three years Financial Statements and supported by Board Resolution for Cooperate Bodies.

However, during the review it was noted that on several instances the bank did not fully comply with the stipulated basic requirements as some of the required documentations prior to the granting of the facility were not adhered to. It was recommended that management should strictly follow applicable preapproval documentation, as minimum standards, in the lending process.

Official's Response

The MD stated that the recommendations were noted and confirmed that the required and necessary documentation was being obtained from customers to enable management carry out a proper and effective assessment of the risk associated with lending to customers.

Authorisation Of Facilities Above Le 1.5 Billion By The Board

According to the Bank's lending policy the Board of Directors had the overall responsibility for authorising and monitoring facilities granted by the bank. The board delegated authority to the Management Credit Committee and the Credit Risk Management Committee to approve facilities up to Le1,000,000,000 and Le1,500,000,000 respectively. Any facility above Le1.5 billion should be approved by the bank itself. However, during a review of selected customer files revealed that the board's approvals for facilities above Le1,500,000,000 were not signed except for one. The existence of those different levels of approvals was to ensure that the control environment was effective as well as clearly distinguishing areas of responsibilities and accountability. Therefore, they should be effectively guarded and management in collaboration with the board should ensure that those approvals and executed limits were strictly respected and consistently applied.

Official's Response

The MD said that papers were presented to the Board for the facilities granted to the above customers and approvals granted during the Board meetings. He added that the Bank's procedure prior to now was not to seek written approvals from the Board, but for the relative papers to be stamped "Boarded" and signed by the Chairman of the Board. He however mentioned that they had now revised the procedure for written approvals to be obtained after board meetings and kept for record and audit purposes.

Facilities with No/Inadequate Collateral

It was observed that 23% (Le65.3 billion) of the total exposure of Le289 billion was not secured and about 17% of the secured facilities were inadequately secured. It was recommended that management should ensure adequate and tangible security (perfected legal title) was obtained to cover exposures and all non-secured facilities should be pursued and regularised going forward so as to minimise the exposure of the Bank.

Official's Response

The MD noted the contents and confirmed that they had since endeavoured to obtain adequate tangible security from customers in order to secure the Bank's exposure. He said that they were also reviewing and requesting adequate tangible security for all large exposures without security.

Unauthorised Overdrawn Overdrafts

Instances were noted where customers were allowed to withdraw above their approved limit with no evidence of approval by the Board or the Credit Risk Management Committee. In addition, customers with no approved limit were also allowed to overdraw their accounts with no evidence of

approval. It was recommended that the management should design, implement and monitor controls in place in order to ensure that customers operate within their approved limits and customers with no approved limits should be encouraged to go through the pre-approval process before allowed to overdraw their balances. Management should also ensure that only customers with good credit history are allowed to overdraw their accounts.

Official's Response

The MD noted the comments and said that management controls were being put in place to ensure that the lapses highlighted no longer occur.

Weak Controls Over Guarantees

During the review of guarantees including letters of credits, performance bonds and advance payment guarantees; the auditors noted the following:

- The bank issued an advance payment guarantee to the Anti- Corruption Commission (ACC) on behalf of MODCON for Le1.78 billion without collateral and board approval. The contract involved was for the construction of building for the Anti-Corruption Commission. The guarantee crystallised when MODCON failed to perform and the Bank was asked to pay the guaranteed amount of Le 1.78 billion. This amount had been written off in the financial statements. The Bank of Sierra Leone examination report had also highlighted the credit exposure of this customer including single obligor breach consistently but the auditors' review indicated that the performance of this account still fell short;
- The Bank also issued a performance bond of Le678,249,000 to the Fisheries Program – SL (Ministry of Fisheries and Marine Resources on behalf of Global Group - DF Shares). The contract involved was for the EIA studies for the Fisheries Programme under the Ministry of Fisheries and Marine Resources. The guarantee crystallised when Global Group failed to perform and the bank was asked to pay the full amount including legal cost of Le21,450,000. Le428,296,225 was written off in the financial statements;
- It is the Bank's normal practice to obtain a full indemnity of the amount guaranteed from the customer, for all guarantees. The auditors however noted that the bank issued a performance bond and advance payment guarantee of Le179,118,642 and Le59,706,214 to Ismail A Jami T/A Seaside with customer indemnity of Le500,000 only. This was far below the guarantees issued individually and against the bank's usual practice;
- A letter of credit issued to D&S Associates Ltd. of Le1,619,286,000 could not be traced to the customer's file as the bank's acceptance letter for the LC as well as the customer indemnity were not in the customer file; and
- The auditors' review of the list of guarantees as at the year-end as well as relevant minutes of the board, regulatory correspondence as well as the individual correspondence file indicate that a performance bond issued in favour in MODCON of Le713,216,090 due to expire on the 14th December 2014 was omitted from the list of outstanding guarantees as at the year end. This full amount had been included in off balance sheet exposure of the bank in the financial statements.

It was recommended that management should conduct proper due diligence on all customers before issuing guarantees and a comprehensive list of all such guarantees should be maintained and supported in the customers' files. Those contracts should also be monitored by the bank independently.

Official's Response

The MD stated that controls and procedures were in place and appraisals were conducted prior to the issue of guarantees. He added that a comprehensive list of all bonds and guarantees was maintained with supporting documents in branches as well as Head Office. He further stated that the circumstances under which guarantees were issued to Modcon, Global Group and Ishmael Ajami T/A Seaside were investigated, reported to the board for disciplinary action. Regarding Letter of Credit (L/C) for D&S Associates, he mentioned that they advised and provided evidence that the customer's account was debited and accommodated the full value of the L/C and there was therefore no liability on the part of the Bank.

Inappropriate Classification of Credit Exposures

As per the revised prudential guidelines, credit facilities (which include loans, advances, overdrafts, and others connected with a bank's credit risks) should be classified as either "performing" or "non-performing. A credit facility is deemed to be performing if payments of both principal and interest are up-to-date in accordance with the agreed terms, otherwise they should be classified as non-performing - substandard, doubtful and loss. A sample of customer files obtained and reviewed revealed that management had entirely misrepresented the performance status of the bank's portfolio. It was recommended that management should design, implement and monitor controls in place to ensure that customers operated within their approved limit and that customers with no approved limit went through the pre-approval process before allowed to have overdrawn balances. Additionally, a regular thorough review of the credit portfolio should be performed and accounts classified as per prudential guidelines.

Official's Response

The MD mentioned that the comments were noted for future compliance.

Non-Compliance with Account Opening Procedures

During our review we observed that the bank did not fully comply with the stipulated account opening procedures - Know Your Client (KYC) as some of the vital account opening documentations required prior to opening of an account were not adhered to. It was recommended that management should ensure that the required account opening procedures are strictly followed.

Official's Response

The MD stated that they had written to all branches concerned to take immediate corrective action(s) and to put modalities in place to forestall a re-occurrence inclusive, but not limited to monthly snap checks.

Non-Compliance with Procurements Procedures

The procurement process is required to follow the procedures described in the internal procurement policy and the National Public Procurement Act of Sierra Leone when buying goods, services and other consumable items. We noted that in a number of cases, the following requirements had not been complied with:

- To obtain a requisition from a department or a branch;
- Obtaining at least three quotations;
- Delivery note to ensure that the goods are delivered to the bank;
- Goods received note to ensure that the goods had been received by the bank; and
- In some cases the appropriate approval limit of the directors were not taken into consideration.

It was also observed that the procurement function was carried out by someone who did not have the required qualification, training and or experience to perform such role. It was recommended that management should ensure that procurement procedures are strictly followed.

Official's Response

The MD said that they noted the findings and recommendation and advised that in the current circumstances the Bank was prohibited from recruiting new/ additional staff. He added that they had however provided training for the staff involved in procurement who recently attended a course organised by Messrs KPMG. He mentioned that he would request NPPA to provide support in terms of training and guidance and make provision for further training.

Control Weakness over General Ledger Postings

There were instances of wrong postings and posting errors made in the general ledger by accounting officers. Some of those errors were however discovered and corrected subsequently, leading to many instances of reversals and corrections while others led to adjustments and reclassifications. It was recommended that management should strengthen controls over the posting of the transactions into the general ledger in order to reduce errors as well as to improve the efficiency of the accounting work. In addition, more senior finance staff should review postings performed by junior officers before releasing them into the system for processing.

Official's Response

The MD mentioned that the recommendation had been implemented.

Review of Cashier Daily Reconciliation

The review over the controls and monitoring of teller daily reconciliations and books indicate that they were not reviewed by the appropriate level of senior staff at the end of daily operations. It was recommended that management should ensure that at the end of day the cashier's reconciliations are reviewed and the cash in the till are checked and verified.

Official's Response

The MD stated that that had been implemented.

Expense Nature Items Included In Other Assets

Assets balance of Le7.4 billion showed that some of the balances under that account did not qualify for the definition of assets (a resource controlled by an entity due to past event from which future economic benefit will flow);

The following findings were identified:

Territorial stationery suspense – This account was made up of obsolete stationery items dating as far back as when the bank was Barclays bank, totaled Le 550,629,740. The auditors also noted that the stationery register was not updated and the store room was not properly arranged to aid physical verification as items were not tagged for easy identification;

Global Group SL Ltd. – Le428,296,225. This relates to a performance bond issued to the Fisheries Program – SL but the customer failed to perform and the ministry wrote to the bank to claim full payment. The total amount was Le678,249,000 plus legal cost of Le21,450,000. The bank had 40% of the guarantee amount as security which was used to settle the Fisheries Program and the remaining 60% as above was debited as other assets;

Fraudulent transaction – Le36,309,500; this relates to payments made to customers of the bank as per fraudulent request and was later detected as such but it was too late, to recover;

Missing deposits – Le30,510,406; the bank received deposits from one of its customers but the relevant staff did not credit the customer's account. The customer realised that his account was not credited and demanded action but the funds could not be accounted for;

Kailahun Branch Suspense – Le101,542,936, this relates to branch extension that the bank wanted to embark on but eventually ceased as a result of regulatory restriction;

Suspense Account Congo Cross – Le8,110,650; this relates to a payment made to a consultant for the pre-evaluation of the Congo Cross branch extension which was stopped and management had no intention of embarking on such project in the near future;

Correspondence Account – Le13,520,000; this is suspense account for all Visa card withdrawals which would follow a Visa credit. However, these transactions dated back to 2010 and the bank had since then not received any credit advice from Visa and thus it was highly unlikely the bank would receive these monies again;

Legal fees – Le694,315,915; relates to legal fees incurred by the bank in pursuing legal action against credit defaulters for which the bank hoped to recover. However, such fees should be expensed and any recoveries made could be recognised as income; and

Head Office And Branch Write Offs – Le150,150,000; relates to duplicated payments dating as far back as 2012 for which the bank was still in discussion of relevant parties for recoveries.

It was recommended that all transactions where recovery was very much in doubt should be expensed and any subsequent recoveries recognised as income. The bank should also put all such transactions in the definition of assets as per the IFRS framework definition and strictly apply the criteria in recognising assets in the books.

Official's Response

The MD stated that the territorial stationery store had been rearranged and physical stock verification redone and obsolete items written off which was far less than the recommended amount mentioned. As regards missing deposits, he mentioned that that was being recovered from the staff involved and the balance as at 31st March 2013 stood at Le21,991,217, of which recoveries were still ongoing. He added that action had been taken on all other issues above.

Loan Loss Provision

A review of the bank's loan book as per Bank of Sierra Leone prudential guidelines provision and IFRS impairment revealed a loan loss provision of Le67,512,323,444 and Le89,873,924,000 respectively. This was after downgrading the facilities as per prudential guideline categorisation of current, substandard, doubtful and loss and the IFRS impairment provisions. The IFRS provision had been taken to the profit and loss in full and prior period credit reserve, reversed to the extent available in the account since BSL provision was lower than IFRS. It was recommended that a regular review and monitoring system of all credit facilities should be instituted and corrective action taken on all facilities showing signs of deterioration from the early stages of non-performance. Management should also be actively involved in such reviews and evaluations in order to ensure that the interests of shareholders are always protected.

Official's Response

The GM stated that the comments were noted and advised that was an ongoing exercise. He also confirmed that provisioning and reclassification of accounts was done during the course of the year 2013.

Customer Deposit Listing Against The General Ledger

The listing for savings and current accounts were less than the general ledger by Le806,746,579 and Le47,848,667 respectively. Upon enquiries, it was asserted that these were historical differences that no plausible explanation could be offered for. It was recommended that a very robust and regular general ledger to supporting schedule reconciliation should be instituted and effected in order to ensure that all recorded balances are adequately supported.

Official's Response

The MD stated that the recommendations have been implemented.

Interest Cessation On Customer Accounts And FX Trading Controls

As part of the audit procedures on testing interest on overdrafts, it was noted that the bank did not charge interest to some customers which in aggregate amounted to Le 18 billion losses to the bank. No reason was given for such interest cessation nor was the auditors provided with any plausible evidence or explanation.

The auditors also performed commission on turnover which ranged between 3 and 4 Leone per mill and noted that the bank did not charge COT to some customers which in aggregate amounted to a loss of revenue of Le1 billion. In addition no credible explanation was provided for this omission. Additionally, during the review of the bank's foreign currency trading transactions, it was noted that FX purchases and sales were consistently above and below the indicative rates respectively throughout the year. Consequently, the bank lost Le13 billion in purchases and Le6 billion on sales of which Le2 billion related to sales made to one customer (GITEX); the customer with the largest

FX sales during the year (\$29 million was sold to this customer). In aggregate, the bank lost Le19 billion on FX purchases and sales during the year. It was recommended that management should review the bank's system parameters regularly especially the system generated transactions and ensure that they reflect the contractual terms and the bank's policy on such transactions.

Official's Response

The MD stated that they had overhauled their accounts and confirmed that interest and COT were being charged appropriately. He added that the rates displayed were indicative rates and transactions (buying and selling) were done by matching deals and negotiations with customers in line with market rates and volumes involved.

Compliance With The Bank Of Sierra Leone Prudential Guidelines And Banking Act 2011 Adherence To Recruitment Policy

Section 5.3.6 of the Revised Prudential Guidelines 2012, requires the bank to inform the Bank of Sierra Leone (BSL) of all recruitments and disengagement of other staff. This should be reported to the central bank as and when they occur. Section 5.3.7 also deals with maintenance of a Black Book at the BSL. For the purpose of updating this Black Book and monitoring of staff behaviour in the financial system, banks shall promptly notify the central bank of all disengagements including reasons for severance. However during the review, it was noted that the bank did not comply with those provisions as recruitments were not reported as stipulated above. It was recommended that the bank should ensure it informs the Bank of Sierra Leone of recruitment, dismissal and resignation of its staff.

Official's Response

According to the MD, 'the bank was in compliance with regard to severances and had provided regular reports to the central bank of staff who were dismissed, terminated, retired and those who died or resigned.'

Approval required for Directors and Executive Officers

The auditors were not provided with evidence that the Directors of the Bank were approved by the Central Bank (Bank of Sierra Leone) and that they had carried out fitness and proper test in accordance with Section 16 of the Banking Act 2011 which required that no person should become a Director or Executive Officer of a bank, whether on initial licensing or after that without obtaining the prior approval of the Central Bank. It was recommended that fitness and proper test should be carried out on the directors to know whether they had the requisite knowledge and experience to guide the bank's operations.

Official's Response

The MD stated that all executive officers who were recruited internally had risen through the ranks over the years. Thus the Bank did not request for "Fit and Proper Test" following their promotion to executive director positions. He however mentioned that following a Bank of Sierra Leone audit in 2011, attention was drawn to this lapse and a batch request for all managers including executive directors was done about three years ago.

Long Serving Acting Directors

The Acting Credit and Risk Management Director had been acting in that position for more than one year contrary to Section 5.3.4 of the revised prudential guidelines 2012. It was recommended that the

bank should endeavour to fully comply with all regulatory pronouncements in order to avoid fines and penalties.

Official's Response

The MD stated that a letter was written to the Bank of Sierra Leone requesting a 'Fit and Proper Test' for Mr. Harold Creighton-Randall and to date there had been no response from the Central Bank. Follow-up was also done, both written and verbal but those had proved futile. In addition, he said that there had been fluctuating directives regarding promotions, making it even more difficult to pursue the matter beyond that point.

Board Evaluation Committees

There was no committee in charge of evaluation of the Board of Directors of the bank. Moreover the Board was not evaluated during the year under review as required by Section 5.5 of the revised prudential guidelines of 2012. It was recommended that the bank should put a committee together that would be responsible for evaluation of the Board of Directors annually.

Official's Response

The MD said that they noted the above recommendation and advised that would be taken up with the newly constituted Board.

Breach of BSL Directives on Lending Limit

The bank breached the BSL directive on lending limit of Le 300 billion during the following months:

Jan. (000)	Feb. (000)	Mar. (000)	April (000)	May (000)	June (000)	July (000)	Aug. (000)	Sept. (000)	Oct. (000)	Nov. (000)
321m	319m	326m	324m	334m	341m	337m	336m	332m	334m	323m

As at 31st December, 2013, the gross loan was Le289 billion, this amount was not a representation of the state of affairs of the bank as many customers were not charged with their interests which amounted to Le18 billion. In addition, even though the bank had a negative capital base as at year end, the bank went ahead to grant additional exposures to customers. It was recommended that the bank should strive to maintain the compliance level through stringent credit lending and recovery procedures instituted in December 2013.

Official's Response

The MD said that he noted the observations and confirmed that the gross loan had been maintained below the lending limit of Le300 billion since 31st December 2013 to date. He also confirmed that interest was now being charged on the respective accounts identified.

Violation of Capital Adequacy Ratio

The bank breached the capital adequacy requirement of Section 3.7 which requires that "A total capital of not less than fifteen per cent (15%) of its total risk weighted assets plus risk weighted off-balance sheet items should be maintained. The capital adequacy ratios were as follows:

	Jan. (%)	Feb. (%)	March (%)	April (%)	May (%)	June (%)	July (%)	Aug. (%)	Sept. (%)	Oct. (%)	Nov. (%)	Dec. (%)
KPMG	14.80	14.85	14.40	13.30	13.08	14.37	14.37	13.57	13.25	12.51	13.83	15.44
RCB PER BSL 5	14.37	14.24	14.32	13.25	14.68	14.72	14.75	14.49	15.14	14.78	13.68	15.06
Diff	0.43	0.62	0.08	0.05	1.60	0.35	0.37	0.92	1.89	2.26	0.15	0.38

As at 31 December 2013, capital adequacy ratio was negative.

The difference between the bank BSD 5 report and the auditor's computation from May to December was as a result of the bank's retained earnings reported in the BSD 5 report which was higher than the one in the management account. Moreover, the bank did not report its Bill Negotiated in the risk weighted calculation which was included in the audit computation. Moreover, in September, the bank had nil retain earning but reported current year unpublished profit as retain earnings and again reported 50% of profit up to date. In December, the bank did not report their money at call in the calculation of their weighted risk. It was recommended that the bank should comply with the central bank regulation and restriction to avoid future fines and penalties.

Official's Response

The MD stated that efforts would be made to prevent breaches in the future.

Compliance With Single Obligor Requirement

Section 35 (1) of the banking act requires that 'a bank should not, directly or indirectly, undertake one or more credit exposures to, or in respect of, any one person or group of connected persons, which in the aggregate:

- (a) In the case of an unsecured credit exposure, constitutes more than ten percent of the capital base of the bank; or
- (b) In the case of a secured credit exposure, constitutes more than twenty-five percent of the capital base of the bank.

Section 3.4.1 of the Revised Prudential Guideline 2012 Single Borrower Limits also requires that:

'(a) a bank shall not grant to any person or permit to be outstanding, any advance, credit facility or give any financial guarantee or incur any other liability on behalf of any person, so that the total value of the advances, credit facilities, financial guarantees and other liabilities in respect of that person at any time exceeds 25% of the bank's capital base for secured exposures and 10% for unsecured exposures.'

The above provisions were breached by the bank throughout the year. as shown below.

10% single borrower limit computation

Months	Name of customer	Total exposure	10% of Capital base	Capital Base	Difference on single obligor
January	Union Fishing co. Ltd.	8,509,541,454	6,057,288,055	60,572,880,549	2,452,253,339
	Freetown City Council local government	6,892,183,243	6,057,288,055	60,572,880,549	834,895,188
February	Union Fishing co. Ltd.	8,678,627,455	6,111,789,774	61,117,897,736	2,566,837,681
	Freetown City Council local government	6,511,230,800	6,111,789,774	61,117,897,736	399,441,026
March	Freetown City Council local government	6,641,308,066	5,513,040,937	55,130,409,372	1,128,267,129
	Union Fishing co. Ltd.	8,881,497,520	5,513,040,937	55,130,409,372	3,368,456,583
April	Freetown City Council local government	6,661,724,733	5,746,588,470	57,465,884,701	915,136,263
	Union Fishing co. Ltd.	8,904,680,769	5,746,588,470	57,465,884,701	3,158,092,299
May	Freetown City Council local government	6,457,558,066	5,722,882,297	57,228,822,968	734,675,769
	Union Fishing co. Ltd	8,904,680,769	5,722,882,297	57,228,822,968	3,181,798,472
June	Freetown City Council local government	6,457,558,066	5,710,013,072	57,100,130,723	747,544,994
	Union Fishing co. Ltd	8,881,497,520	5,710,013,072	57,100,130,723	3,171,484,448
July	Freetown City Council local government	6,457,558,066	5,550,375,600	55,503,756,000	907,182,466
	Union Fishing co. Ltd	8,881,497,520	5,550,375,600	55,503,756,000	3,331,121,920
August	Freetown City Council local government	6,457,558,066	5,877,871,489	58,778,714,889	579,686,577
	Union Fishing co. Ltd	8,881,497,520	5,877,871,489	58,778,714,889	3,003,626,031
December	Union Fishing co. Ltd	8,895,957,520	5,324,252,570	53,242,525,703	3,571,704,950

Union fishing was secured in September 2013, but was unsecured at the beginning of the year so 10% of the capital base was used in the calculation of single obligor which they breached.

5% single borrower limit computation

Months	Name of customer	Total exposure	25% of Capital base	Capital Base	Difference on single obligor
March	Leone Lodge plc.	15,332,566,399	13,782,602,342	55,130,409,372	1,549,964,056
April	Leone Lodge plc.	15,554,888,611	14,366,471,175	57,465,884,701	1,188,417,436
May	Leone Lodge plc.	15,811,544,274	14,307,205,741	57,228,822,968	1,504,338,532
June	Leone Lodge plc.	16,032,905,893	14,275,032,681	57,100,130,723	1,757,873,213
July	Leone Lodge plc.	15,411,680,419	13,875,939,000	55,503,756,000	1,535,741,419
August	Leone Lodge plc.	15,359,586,341	14,694,678,722	58,778,714,889	664,907,619
	Fawaz Building Materials (SL) Ltd.	15,286,019,905	14,694,678,722	58,778,714,889	591,341,183
September	Leone Lodge Plc.	15,359,586,341	12,819,650,191	51,278,600,765	2,539,936,150
	Fawaz Building Materials (SL) Ltd.	13,579,518,716	12,819,650,191	51,278,600,765	759,868,524
	Modcon construction co. SL Ltd. a/c 1	13,496,573,751	12,819,650,191	51,278,600,765	676,923,560
	Modcon construction co. SL Ltd. a/c 1	13,786,443,786	12,829,977,547	51,319,910,190	956,466,238
	Leone Lodge Plc.	15,359,586,341	12,829,977,547	51,319,910,190	2,529,608,794

Months	Name of customer	Total exposure	25% of Capital base	Capital Base	Difference on single obligor
October	Fawaz Building Materials (SL) Ltd.	13,085,641,660	12,829,977,547	51,319,910,190	255,664,112
November	Leone Lodge plc.	14,689,827,980	12,987,570,312	51,950,281,247	1,702,257,668.
December	Leone Lodge plc.	14,689,827,980	12,987,570,312	53,242,525,703	1,702,257,668

As at 31st December, 2013, based on the audited report of the bank, the negative capital base loans position of the bank was in breach of the single obligor requirements. It was recommended that the bank should comply with the Central Bank regulation and regularise the security status of the facilities without any collateral.

Official's Response

The MD said that they had noted the comments for compliance.

Insurance Cover over Vault

A review of the vault controls of the bank revealed that the maximum limit of Le3 billion which was increased in December to Le15 billion had on average been breached and no insurance cover evidence had been made available to the auditors. It was recommended that management should ensure the vault operated the maximum insured limits.

Official's Response

The MD said that the insurance limit was increased to Le15 billion to take on-board foreign currencies balances which were excluded in the past. He added that daily monitoring was being carried out at head office for all branches and excess cash overnight were promptly evacuated to other branches or the central bank.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.6. NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (2011)

Rental Income

Occupancy report and price list for the rental of Sea View Estate were not made available for audit inspection. In addition, rental income posting into the general ledger was not appropriately apportioned for the period under audit. Furthermore, 10% caution fee of the total rent paid by the tenant, which was refundable by the Trust, was disclosed as revenue by the Trust. There were some tenants who were not billed the 10% caution fee by the Trust. It was recommended that the Trust should provide all the relevant supporting documents in support of rental income derived from Sea View Estate for audit inspection. The 10% refundable caution fee paid by tenants should be reclassified appropriately and the Trust should provide explanation why some tenants were not billed the 10% refundable caution fee.

Official's Response

The DG stated that the account had been reconciled and rental income posted had been appropriately apportioned and the 10% refundable caution fees appropriately classified as payable.

Auditor's Comment

Price list for the rental of Sea View Estate and the journal entries were provided during the verification. However, no occupancy report and explanation why some tenants were not billed the 10% caution fees was given to the audit team. The issue therefore is still outstanding.

No Supporting Documents

Supporting documents were not submitted in support of amount disclosed as work- in-progress and assets-in-transit which totalled Le577,831,525 as recorded in the Non-Current Assets Register. It was recommended that the Trust should provide all relevant supporting documents for audit inspection.

Official's Response

The DG said that management had instituted an investigation into those items and supporting documents would be provided for inspection.

Auditor's Comment

No evidence of supporting documents was provided to the audit team during verification.

Significant Difference Over the Costs of Surveying Lands

There was a significant difference between the costs of surveying 100 acres of land at Gloucester which cost Le172.3 million and 100 acres at Shenge, York, which also cost Le780 million by the same surveyor during the period under review. During the verification of those sites, no significant difference was noticed in the work undertaken by the surveyor. There was also no evidence on site at both Gloucester and Shenge of the Trust's effort in protecting those lands from possible encroachment. It was recommended that the Trust should provide explanations for the significant difference in costs for work undertaken by the same surveyor for the same scope of work (100 acres). It was also recommended that the Trust should take the necessary action to protect those lands at Gloucester and Shenge from possible encroachment.

Official's Response

The DG stated that it was worth noting that the transactions were separate and occurred at different times. He added that the scope of work for the two contracts was also completely different and executed by different set of bidders and hence, the outcome would not be the same.

Auditor's Comment

Official's response was noted. However both transactions were undertaken during the same year (2011) by the same surveyors. During the verification of those sites, there was also no evidence of any significant difference in work undertaken by the same surveyor. Hence, the issue still stands.

West African Holding Ltd.

The Trust had 80% shareholdings in this investment worth Le51,846,016,000. No audited financial statement was however provided for audit inspection and we were unable to confirm the value of the Trust's shareholding. It was therefore recommended that the West African Holding audited financial statement should be presented for inspection.

Official's Response

The DG stated that management had instructed the Directors of West African Holdings Ltd. to submit the audited financial statements, which was being finalised by their external auditors, KPMG.

Auditor's Comment

No evidence of audited financial statement was provided during the verification exercise to confirm the value of the Trust shareholding.

Kimbima Hotel Ltd.

The Trust had 60% shareholdings in this investment worth Le5,296,415,000. The hotel had been under construction since 2009 and there had been lots of changes in the project. The project's completion date had been postponed several times over the years. At the time of the audit, the hotel was still under construction and no audited financial statement for 2007, 2008, 2009, 2010 and 2011 was submitted for audit review. It was further observed that Le1,185,431,000 in respect of expenditure undertaken by the Trust for establishing a national health insurance scheme, had been outstanding for more than three years. For the past two years, this amount had been constant and no evidence was submitted by the Trust that such investment would be successful or money invested will be recovered. It was recommended that the Trust should provide explanations why the construction of the Hotel had not been completed. The Trust should also provide up-to-date audited financial statements for audit verification.

Official's Response

The DG stated that the amount represented the Trust's 60% shareholding in KHL, which had been in refurbishment since 2009. He said there had been changes in cost and date of completion due to the change in the scope of work to bring the hotel to a more competitive edge. He however mentioned that the refurbishment work was almost complete and the hotel will be functional in the shortest possible time.

Auditor's Comment

Audited financial statements were not submitted for 2007, 2008, 2009, 2010 and 2011 financial years. Therefore the issue is still outstanding.

Sierra Ferries

Sierra Ferries Ltd. is 100% owned by the Trust. It was observed that as at 2011, the Trust had capitalised Le31,286,821,000 in respect of expenditures undertaken by the Trust on behalf of Sierra Ferries Ltd. Most of the expenditures undertaken were administrative and repair costs for the ferries. However, no evidence of audited financial statement of Sierra Ferries Ltd. was provided to the audit team. Additionally the Trust subsidised its operations. Those ferries would be depreciating over the years and there was an indication of impairment. ASSL unable to confirm the value of the Trust's shareholdings and no share certificates were provided for audit inspection. It was recommended that the Trust should provide explanation and other relevant supporting documents on the recoverability of the amount invested for audit inspection. The Trust should also effect the necessary journal entries to reflect this correction and evidence of such adjustments made available for audit inspection.

Official's Response

The DG stated that the investment was undertaken to address a social issue, which was sea transportation. He however said that management noted the concern of the auditors and appropriate action had been taken to write off administrative and repairs expenses incurred in operating the ferry.

Auditor's Comment:

The necessary adjustment and journal entries were verified for Le4,549,081,967 in respect of administrative and repairs expenses which has been written off. However, no audited financial statement and share certificates were provided for audit inspection. The Trust did not provide for impairment.

Sea View Estate

Direct operating costs which amounted to Le793.62 million with respect to procurement of electrical materials, security charges, DSTV subscription, rental of kitchen wares, advertisement, were not written off instead it was capitalised under property. It was also noted that the investment property were measured at cost but there was no evidence that depreciation was charged on the property. It was recommended that the Trust should make a provision in the financial statement as there were indications of possible impairment of the investment. The Trust should provide share certificates to substantiate the ownership of the shares by the Trust and should write off the necessary operating expenses and evidence of such action submitted for review. The necessary depreciation should also be charged on the investment property.

Official's Response

The DG stated that management had instituted an investigation and reconciliation of those accounts and action had now been taken to write off all operating expenses in respect of the estate.

Auditor's Comment

Journal entries were provided for administrative expenses incurred in operating the estate. However, no evidence of depreciation charge on the investment property was presented during the verification exercise. Therefore the issue is still outstanding.

Lack of Debtor Management Policy

There were no formal debtor policies governing the management of debtors. The receivable balance of Le48,359,188,000 would have been better managed and controlled if there was a policy for the management of debtors. It was therefore recommended that the Trust should develop and implement a documented debtor management policy that will guide the Trust in managing its receivables.

Official's Response

The DG mentioned that the Trust was not in the business of buying and selling and as such, a formal debtor policy seemed to be out of the way. He added that the Trust was established by an Act of Parliament, which was quite clear on the treatment of indebted institutions.

Auditor's Comment

The amount stated includes loans and advances disclosed under long-term receivable in the financial statement. The treatment of indebted institutions on loans and advances could not be traced to the Act

of Parliament. The explanation for the buying and selling nature of business should not exclude the Trust to have a debt management policy. As such a formal debt management policy is necessary to the Trust for providing the following benefits:

- It will demonstrate the Trust's commitment to sound financial management and establish transparency for audit purpose.
- It will ensure a considered approach on each indebted investment, having regard of possible impairment and consistent decision is made to write off any debt.
- It will set out the required approach, responsibilities and processes for staff to properly administer the debt of the Trust in accordance with its wishes and consistent with statutory requirement to minimise the risk of liquidity problem.

Therefore the issue is still outstanding.

Transport Allowance

The Trust's Human Resource Policy Manual stated that no transport allowance should be paid directly to a senior executive or senior management staff with car loan. It was also observed that senior management staff with car loans were receiving direct monthly transport allowance for the period under review. The total transport allowance paid to senior management with car loan for the period under view amounted to Le303,149,891. It was recommended that the Trust should provide explanations why it did not comply with the terms and conditions of its human resource policy manual. The Trust should also comply with all terms and conditions stated in its approved manual of operations.

Official's Response

The DG stated that management noted the concerns of the auditors. He however mentioned that the last update of the Human Resource Manual was in 2008, which had been superseded by the Board of Trustees revised car loan policy and a review of the Trust's Human Resource Policy which will capture those issues was ongoing.

Auditor's Comment:

Official's response was noted. However, a copy of revised car loan policy was provided but it was not dated and signed.

Kambui Property Holdings Ltd.

The agreement between NASSIT and Kenema City Council was a joint venture with NASSIT holding 80% and Kenema City Council holding 20%. This was not indicated in the financial statement. Loans of Le4.486 billion and US\$680,688 were given to Kambui Holdings Ltd . As per the loan agreement, the Trust was supposed to accrue interest on those loans but this was not evidenced in the accounts. No audited financial statements were submitted for audit inspection. As at the period under review (2011), the cost had capitalised Le14,243,458,000 as cost incurred in respect of this investment. It was recommended that the Trust should reflect the true relationship between the Trust and Kambui Holdings Ltd. in the financial statement. The Trust should also take necessary action to ensure that audited financial statements were prepared in respect of that investment.

Official's Response

The DG said that management noted the concerns of the auditors and would make the necessary disclosure and interest accruals

Auditor's Comment

The true relationship was reflected in the financial statement, but the Trust did not accrue for interest on the loans provided. Therefore the issue is still outstanding.

Kimbima Hotel

During the period under review a total of US\$ 2million (Le8,132,228,000) had been as loan to the Kimbima Hotel, a subsidiary of the Trust for the completion of the project. There was no evidence to confirm that the Trust had converted those loans to shares as stipulated by the loan consolidation agreement. It was recommended that the Trust should take necessary steps to convert those loans to shares as stated in the loan consolidation agreement.

Official's Response

The DG stated that management noted the concerns of the auditors and the board had approved that amount to be converted to equity, and the process of conversion was ongoing.

Auditor's Comment

The issue is still outstanding.

Stale Cheques

The Trust had stale cheques which amounted to Le795,094,000 classified as payables in the financial statement. Those cheques arose as a result of the non-collection of retirement benefits and gratuity payments. It was recommended that the Trust should improve on its delivery service and ensure that pensioners promptly received their payments.

Official's Response

The DG stated that management noted the concerns of the auditors and that the issue of stale cheques had been a challenge to management due to a complex variety of reasons beyond their control. He added that each benefit file had contact address and phone numbers of claimants. He however mentioned that information provided by claimants sometimes turned out to be inaccurate and upon the submission of a claim, an appointment date was given to eligible claimants informing them when cheques were ready for the collection. He said when cheques were forwarded to pay points, claimants were contacted by their customer service centre to report for the purpose of collecting such cheques. He however said that some of those cheques became stale after six months, because claimants could not be reached using the available means, hence they were returned as stale and rewritten upon verification as and when the member showed up to claim their benefit.

Auditor's Comment

No evidence was provided during the verification exercise to confirm management's explanation. Therefore, the issue still stands.

Bank Confirmations circularised not received

Bank balances confirmations valued at Le1,425,384,479 were sent to banks, but responses received were for amounts to the tune of Le648,565,396 from five of the fourteen banks. This amounted to 45% of the total amounts circularised. It was recommended that management should initiate actions in getting the banks to respond to the circularisation. The audit team should also be informed of such actions accordingly.

Official's Response

The DG stated that management noted the concerns of the auditors and reminder letters had been signed and sent to all the banks concerned to respond to the circularisation.

Auditor's Comment

No bank confirmation was received for the balance of Le776,819,083. Therefore, the issue still stands.

Outstanding Issues From Previous Audit Inspection

The following issues were still outstanding:

- The Trust does not have a system of monitoring survivors to determine when they become ineligible to receive benefits;
- The NAPOS system does not automatically capture defaulters of late payments after the 15th of the following month. It was observed that the indebtedness of contributors was manually captured;
- The Trust does not have an approved capitalisation policy;
- Le6,657,015,000 was stated as a loan to RG (SL) Ltd. This loan could not however be substantiated as documents in respect of the agreement and other adequate supporting documents were not provided for audit inspection;
- Amounts totalled Le280,044,000 were stated as a loan in the financial statement. No loan agreement was provided to substantiate the loan. It was observed that the amount related to start-up costs undertaken for Home Finance Company Ltd. had been in the Trust books as far back as 2003;
- Prompt action was not taken by the Trust in addressing reconciling items in the bank reconciliation statements that were prepared, with some reconciling items dating as far back as 2008;
- The Trust did not prepare a consolidated account in accordance with IAS 27 incorporating all its subsidiaries, associates and other third party interests;
- It was observed that interest which amounted to Le11,294,095,000 had been accrued in respect of a loan given to Sierra Block Concrete Ltd. a subsidiary of the Trust. The loan was given in 2004; but payment has not been forthcoming from Sierra Block Concrete Ltd. This subsidiary did not have an audited financial statement and it could be described as non-profit making entity;
- The Trust did not disclose any related party transaction. During the audit, it was observed that the Trust had a number of related party transactions such as Sierra Block Concrete Ltd., Regimanuel Gray (SL) and Sierra Ferries Ltd; and
- There was no evidence of any documented funding policy.

Refer to the Table Of Common Issues (Page211) for further observations.

6.7. SIERRA LEONE PORTS AUTHORITY (2013)

No Evidence Provided On How Pilot Dispensation Fee Of \$10,000 Per Pilot Was Determined.

A pilot dispensation fee of \$10,000/ per annum was paid by African Minerals Ltd for five of its pilot exercises using the authority's compulsory pilot district during the period under audit. However, no documentary evidence was provided for audit review on how this amount was determined and approved by the Authority. Also, periodic monitoring was not done by the Authority to ascertain that no unregistered pilots used the Authority's compulsory pilot district for the period under audit. It was recommended that the Financial Controller provided explanation on the basis which the pilot dispensation fee was determined and approved. In addition, the General Manager should develop and implement a regular monitoring mechanism to ensure that only registered pilots use the authority's mandatory pilot district.

Official's Response

The General Manager stated that the issue was based on negotiation between African Minerals Ltd. and Sierra Leone Ports Authority.

Auditor's Comment

No evidence was provided to substantiate Official's Response, therefore the issue still stands.

Supporting Evidence for the Recruitment of Civil Engineer and Messenger/Office Assistant Not Provided

Our review of the recruitment process revealed that evidence of procedures which guided the recruitment of a civil engineer (EPF/104) and a messenger/ office assistant was not provided to the audit team for review. It was recommended that management made available the recruitment documents for audit review or provided appropriate explanations for not following the standard recruitment process. Management should also ensure that standard recruitment procedures are followed.

Official's Response

The General Manager stated that the relevant documents for the recruitment of the two staff were available for review.

Auditor's Comment

Evidence relating to the recruit of the Civil Engineer and Messenger/Office Assistant were not made available for audit inspection. Therefore the issue still stands.

Overtime Allowances Paid, Exceeded Approved Threshold (30% of Staffs' Basic Salaries)

The audit team noted that overtime allowances paid to staff exceeded the approved threshold; (30% of basic salary approved by the Board of Directors on 11th June, 2013), which amounted to the sum of Le142,151,678 for three months; June, September and December 2013. The audit team noted that overtime and supporting request and approval for the service were not provided to the audit team for review. It was recommended that the GM should provide explanation why overtime allowances paid, exceeded the approved threshold and the reasons for those payments.

Official's Response

The General Manager stated that management and the SLPA Board members were working on modalities for a realistic threshold to be set that would be based on the operations of the Authority and the human resources available

Auditor's Comment:

Evidence of Official's Response was not provided for audit inspection.

No Maintenance Policy Maintained

The Authority did not have a policy regarding the maintenance of its non-current assets. It was recommended that the Financial Controller developed and implemented a documented maintenance policy.

Official's Response

The General Manager in his reply stated that the Authority had a maintenance policy produced by the IT and engineering Department. Management would review those documents and update them.

Auditor's Comment

Evidence of an updated maintenance policy was not submitted for audit inspection, therefore the issue still stands.

Non-Current Assets Not Located During Physical Verification

The audit team was unable to verify a concrete roof with market value of Le9,603,000 at the Government Wharf, and a TP1216 Perkins 30kva generator at the Sierra Lighthouse, Aberdeen. Although described as fully depreciated, physical verification was not possible because it was not at this location at the time of the audit verification. It was recommended that the Financial Controller updated the fixed assets register and provided evidence of the location of assets for verification.

SLPA Asset Controlled By Third Party

At the Government Wharf, it was observed that three buildings were inscribed with the name and logo of the following: MODEP (UNICEF), CARE and Mano Fishing, with a market value of Le99,868,125. From our investigation, it was noted that those buildings were currently controlled by the Ministry of Finance. Rental income from the letting of those buildings was paid to the MoFED and not SLPA. It was recommended that the Authority provided evidence to prove ownership of those assets.

Official's Response

The General Manager stated: that management has noted the observations on the above and was requesting more information to be able to carry out full investigations; preferably joint visitation with ASSL. He added that the amount of Le99,868,125 could not be located in their books for any building.

Auditor's Comment

The costs of those buildings were located in the fixed assets register with the following details: B102, B103 and B104 – Le41,842,500, Le34,440,000 and Le23,585,265 respectively, for the sum of Le99,868,125 and were verified by management. However, the query is still not addressed.

Loans To Former Directors Not Recovered

The audit team observed that Le13,500,000 in respect of loans to two former Board of Directors had not been recovered. These had been outstanding for over two years, and no reasonable explanation was given. It was recommended that the Financial Controller provided explanation why these loans had been outstanding for over two years. The Financial Controller should also initiate loan recovery actions to recover the loans from the two Directors.

Official's Response

The General Manager stated that management had requested the former directors to pay back the loans to the Authority, but did not yield any fruit. He added that copies of correspondence were available for verification.

Auditor's Comment

Evidence of letters to the former Board Directors regarding outstanding loans owed to the Authority was available for audit inspection. However, these amounts are still outstanding.

No Policy Maintained Regarding Loans To Staff

There was no evidence of an approved policy regarding staff loan. The Staff's Conditions of Service did not specify the limit of loans, advances and interest charged. It was recommended that the Financial Controller should develop and implement a policy regarding the granting of loans and advances to staff.

Official's Response

The General Manager stated that the Sierra Leone Ports Authority's Conditions of Service in August 2000 described its loans policy to staff (see pg. 13). He mentioned that management was reviewing the policy to bring it up to date.

Auditor's Comment

The Authority's policy on staff loans was not comprehensive as it did not cover the limit on the amount of the loan to be issued and the interest to be charged. Therefore the issue still stands.

Outstanding Debts Over Two Years Not Written Off

Debts for a total of Le3,208,429,412 remained outstanding over a period of two years. Appropriate action was not taken according to the approved debtors' policy. Included in this debt was an amount Le1,621,777,530 credited in favour of SLNSC. The audit team was furnished with correspondence from SLNSC's solicitor asking SLPA to write off the debt based on authorisation of the Parliamentary Committee on Transport and Aviation on 12th October, 2011. It was recommended that the Financial Controller provided explanations and relevant evidence why the debt had not been written off from the Authority's books.

Official's Response

The General Manager said that management had acknowledged the observation, and had prepared a Board paper requesting the SLPA Board's approval for write-off. He added that management awaits the Board's approval; the submission to the Board was available for audit review.

Auditor's Comment

The Board's approval was not verified, as a result, those debts had not been written off.

Variation In Two Debtors' Circularisation Received

Responses received from two of SLPA's clients following debtors circularisation revealed a variance (negative) between the debt confirmed and the debts as per SLPA's sales ledger which amounted to Le196,344,727. It was recommended that management reviewed its receivable balances with its clients so as to avoid differences in reconciliation. Differences must be adjusted for in the financial statements and such reconciliation should be made available to ASSL for review.

Official's Response

The General Manager stated that the two variances were between SLNSC and Leocem. He added that in the case of SLNSC, the variance related to credit balance in the SLNSC Leone account which was not off against their US Dollar account. He also mentioned that adjustment had been made on their US Dollar account in May 2014.

Auditor's Comment

It was verified that the difference in the amount confirmed by SLNSC related to its US Dollar account but the difference related to Leocem was not clarified. Therefore, the audit query relating to Leocem is still outstanding.

No UPS for Server; No Fire Extinguisher In Server Room

There was no fire extinguisher in the Authority's server room and the server was not connected to UPS or power surge/ saving batteries. There were batteries in the server room but the power edge used to recharge them was faulty. It was recommended that fire extinguishers must be in the server room, and the servers should be connected to a functioning UPS or batteries to control power surges.

Official's Response

The General Manager stated that there was a fire extinguisher in the ante-room leading to the server room but when the AC's switch caught fire earlier in the year, the extinguisher was used to control the fire. He added that the extinguisher was maintained by the safety and environment division and that the 5KVA UPS that was installed in the server room was faulty. He further stated that the inverter and batteries needed to be replaced. The Authority was in the process of purchasing a new UPS.

Auditor's Comment

The fire extinguisher in the ante-room was verified. The 5KVA defective UPS had not been replaced and the server was still not connected to a UPS. Therefore, this issue is not resolved.

No Business Continuity and Disaster Recovery Plan

There was no evidence of an approved Business Continuity and Disaster Recovery Plan. It was recommended that management developed and implemented a Business Continuity and Disaster Recovery Plan that would secure its information technology infrastructure and support the recovery of its business process on the event of any disruption or disaster.

Official's Response

The General Manager stated that a draft copy of the DR/BC Plan was shared with the auditors. The document had been presented to management for approval; preferably a committee should be set up to scrutinise the document, he added. He further mentioned that in signing-off, the Authority would have an approved Disaster Recovery and Business Continuity Plan.

Auditor's Comment

The issue is still outstanding.

No approved IT security policy maintained

There was no evidence of an approved Information Technology Policy document being operational at the Authority. It was recommended that the Information Technology Director should develop and implement a documented Information Technology Policy that would protect the Authority's information technology infrastructure from unauthorised use. This policy should provide staff training on security and implement established procedures for data access and control.

Official's Response

The General Manager stated that the auditors were presented with the draft IT Policy awaiting management's approval. He mentioned that even though the IT Policy and Procedures document was in the draft stage, its principles were being applied.

Auditor's Comment

Management response was noted. However, evidence of an approved IT policy was not provided for audit verification. Therefore the issue is not resolved.

Refer to the Table Of Common Issues (Page211) for further observations.

6.8. SIERRA LEONE AIRPORTS AUTHORITY (2013)**Procurements Of Common Used Terminal Equipment**

There was no evidence of due diligence work done by the Authority to corroborate the litigation disclosed by Maevis in their technical proposal for the procurement of commonly used terminal equipment service. It was recommended that the Authority should ensure that diligent work was carried out to identify any clue of the litigation that could have happened before entering into a contract with Maevis.

Official's Response

The General Manager stated that the litigation issue was raised and discussed with the Head of the Procurement Committee necessitating the need to terminate the procurement process and to initiate a rebid. The General Manager had therefore written to seek clarification from the NPPA who had advised the procuring entity to go ahead with the process as there was no way the claims could be independently verified. The NPPA also added that cancellation of the procurement proceedings at that material time would seriously compromise the integrity of the procuring entity and future bidding proceedings, he further mentioned.

Auditor's Comment

No evidence was provided to substantiate Official's Response.

PAYE Not Promptly Paid

Deductions from PAYE were not paid to the National Revenue Authority on time for October, November and December, valued at Le173,601,423, Le164,808,486 and Le160,559,784 respectively, as prescribed by the Income Tax Act of 2000. It was recommended that the Authority should ensure that PAYE was paid promptly for all months.

Official's Response

The General Manager stated in his response that PAYE for October, November and December were not paid because of the delay of NRA to furnish them with their bank details as, under the new system, all payments above Le50,000,000 should be done through bank transfer and not by cheque. He added that despite several follow-ups, the details were not provided until January 2014. Hence, payment of PAYEE commenced thereafter though they were unable to pay the backlog because of liquidity constraints, he further mentioned. He however noted that those amounts had been included into the old debts that they were now seeking for a set off with Government debts.

Auditor's Comment

Evidence of correspondence with the National Commission for Privatisation dated 10-06-2014 to set-off the Authority's tax obligations with the Government of Sierra Leone's debts was submitted for audit inspection. However no agreement had been reached to set-off the Authority's tax obligation to the Government of Sierra Leone. The PAYE liability for October, November and December, 2013 were still outstanding therefore, this issue still stands.

No Rental Agreement For SLAA Clients

The auditors were not provided with the rental agreements for the mentioned clients. It was difficult for the auditors to determine the basis on which rents were charged and the conditions that were attached to the agreement. It was recommended that the Authority should take steps to draw up a service level agreement between itself and its customers and should provide the agreements for audit verification.

Official's Response

The General Manager stated that the agreements were drafted and distributed to all tenants including those ones highlighted in the Management Letter. He said that they had received some from some tenants and got them signed after agreeing on the terms of the contracts, which they presented to the auditors for viewing. Those that were not presented he said, were still in the draft form with on-going pressure on the said tenants to finalize their comments on them and send them back to them for signing. He added that some of the tenants had to revert to their principals outside the country for final decision and by doing so, the process of finalising the contracts became prolonged. He however stressed that they had gone ahead to invoice the tenants for already utilising the office facility and by the nature of their businesses they could not afford to deny them office space as they needed to move into the offices to enable them set up their systems in line with other standards required. He further stated that they had continued to pile the pressure and were sure of getting them signed this year 2014 as they had always shown progress of accumulating more signed agreeing every year. Signing of agreement was an on-going process due to disagreements and agreement on the terms, he concluded.

Auditor's Comment

The Management response was well noted. However the issue still stands.

Dormant Debts Not Written Off

Bank balances held at the Standard Chartered Bank, London, amounting to Le59.8 million were disclosed as receivables. There was no evidence that those cash would be recovered because no evidence of any correspondence with the bank for the recovery of those monies was submitted for audit inspection. It was recommended that management should re-classify the amount disclosed as receivable to cash and bank and provide all correspondence with the bank and make available document regarding the bank for audit inspection.

Official's Response

The General Manager stated that letters were written and sent on the above but they did not receive a response from the bank. As further action, he said, they shall seek the assistance of Standard Bank SL on the matter.

Auditor's Comment

The necessary reclassification from receivables to cash and bank balances was not effected. Therefore, the issue still stands.

No Evidence Of Access Restriction

There was no access restriction into and out of the server room. It was therefore recommended that there should be access restriction into and out of the server room.

Official's Response

The General Manager stated that management had noted the auditors' observations and that immediate action would be taken to ensure that proper access controls were introduced and maintained.

Auditor's Comment

The Management response was well noted. However the issue still stands.

No approved IT Policy

There was no evidence of an approved information technology policy document being operational at the Authority. It was recommended that the IT Manager developed and implemented a documented information technology policy that would protect the Authority's information technology infrastructure from unauthorised use. This policy should also provide for the training of staff on security, website maintenance, and so on.

Official's Response

The General Manager stated that the IT policy had been prepared and submitted to management by the IT consultant and it was currently being discussed. He mentioned that an approved policy would be available before the end of July 2014.

Auditor's Comment

No evidence was submitted to support Official's Response.

No Business Continuity And Disaster Recovery Plan

There was no evidence of an approved business continuity or disaster recovery plan. It was recommended that management took the responsibility to formulate a plan to include offsite back-up storage to recover back-up files for normal operations to resume if a computer, system, or network went down. Management was also to coordinate the disaster recovery plan by ensuring its effectiveness within the Authority.

Official's Response

The General Manager stated that as at that time, daily backups were being done and taken off site and kept in a room where the IT consultants resided (this is the official guest house for SLAA consultants).

Auditor's Comment

Evidence of back-up logs were not submitted for audit verification.

Staff Profiles in Microsoft Dynamics Not Properly Segregated

It was observed that user's access in the Microsoft Dynamics was not properly segregated. This was because users for example, a cashier was given rights to set up, archive and view HR records. It was recommended that staff profile created in the Microsoft Dynamics should be reviewed and appropriately modified by their job description.

Official's Response

The General Manager stated that that was a temporary arrangement to fast track the uploading of data. Full access control, he said, would be implemented immediately after completion of the inputting process.

Auditor's Comment

The Management response was noted. However the issue still stands.

Upgrading, Modification Work of Terminal Building Not Completed

A contract signed in January 2011 for the upgrading and modification of the Sierra Leone Airport Authority's terminal building for the duration of 15 weeks was not completed as at the time of audit. The original contract price was \$4,157,000 when it was signed in January 2011, as at the time of audit, payments of at least \$6,000,000 had been made. It was recommended that the GM, the Supervisory Consultant, and the Contractor - Barrows Construction should establish a revised timeline for the completion of the works.

Official's Response

The General Manager agreed to the fact that the contract was meant for a period of 15 weeks with the objective of having it completed before the 50th Anniversary Celebration. He however mentioned that government was to have provided 30% of the funding and the balance of 70% from other external sources, but the expected funding of 70% was not received. Therefore, government had to undertake the entire funding and that delayed the contract implementation as funding was slow to come.

Auditor's Comment

The recommendation was not followed, as a revised timeline for the completion of the contract was not submitted for audit verification.

Public Address System Not Functioning

There was no evidence that the public address system installed for a value of \$26,514 was working. It was recommended that the public address system should be rectified.

Official's Response

The General Manager stated in his response that, that was part of the snags they had presented to the contractor and which the consultant had not yet included in any of the valuations submitted so far. In fact SLAA had decided to do it and had instructed the consultant not to include it in future valuation. He further said that in essence, it had not yet been paid for and it would not be paid for in future.

Auditor's Comment

The issue still stands and will be followed-up in subsequent audit.

Frequent Breakdown of Checking-In Conveyor and Air-Conditioners

It was observed that there was frequent breakdown of air-conditioners and check-in conveyor. It was recommended that the reasons for the frequent breakdowns should be investigated and measures implemented to deal with them.

Official's Response

The General Manager stated that the frequent breakdown of the air conditioners was due to the long distance between the outside units and the inside unit. He however mentioned that, the issue has been corrected.

Auditor's Comment

The issue with the frequent breakdown of the air-conditioners had been addressed. However, the problem with the checking-in conveyor has not been addressed.

6.9. NATIONAL REVENUE AUTHORITY -NRA (2012)**Difference in Opening Balances**

Differences were observed in the opening non-current assets balances (cost and accumulated depreciation) for the period under review 2011/2012. There was also a difference between the general ledger figure and the financial statement in respect of land amounting to Le205,000,000. It was recommended that the Authority effected the necessary adjustments to the financial statements for the differences in the opening non-current balances.

Official's Response

The Director of Finance stated that the observation was noted and the issue was due to the non finalisation of the previous year accounts on non-current.

Auditor's Comment:

Evidence of correction of the difference in the opening balance was not produced.

Annual Depreciation Wrongly Charged

Annual depreciation charges were not correctly stated as a result of misstatements in the costs of non-current assets. It was recommended that management provided for depreciation charges and made the necessary journal entries in the 2012 financial statements.

Official's Response

The Director of Finance mentioned that due to the non conclusion of the previous audit opening balance for non-current assets were not firmed up. He however stated that depreciation was calculated on transactions made during the year and they were to carry out the adjustment once the accounts for the previous years were finalised.

Auditor's Comment:

Evidence of correction of the misstatement in the cost of non-current assets was not produced during the verification.

Criteria Not Used To Calculate Terminal Benefit

The terminal benefit provision and calculation were not based on any set criteria but on the discretion of the Deputy Director of Finance. The amount of Le1,062,418,284 reported in 2012 as terminal benefit could not be verified. It was recommended that management ensured that a clearly defined method of calculating terminal benefit was put in place and provided relevant documents for the amount reported in 2012 as terminal benefit.

Official's Response

The Director of Finance said that management shall look into the concern.

Auditor's Comment:

The Management response was noted. However the issue still stands.

6.10. ROAD MAINTENANCE FUND ADMINISTRATION (2013)

Refund Of Per Diem

The Chief Executive Officer was paid full per diem for ten days amounting to \$4,914. The Kenya Road Board provided accommodation (bed, breakfast) for six days during the period of the workshop as was stated in the invitation letter sent to the Chief Executive Officer. There was also no evidence that the Chief Executive Officer made retirement of \$1,000 given to him as contingencies to attend this same workshop and no reasonable explanation was given to the audit team. It was recommended that the Chief Executive Officer should explain why full per diem was paid to him even though the organisers of the conference provided accommodation for six days. He should also provide retirement details of \$1,000 given to him as contingencies to attend the workshop. The Director of Finance should ensure that adequate supporting documents are maintained in respect of all expenditures undertaken by the administration.

Official's Response

The CEO stated that the offer was for CEO's of Road Funds or their representatives only, as already explained by the Director of Finance and Investment in her response of 6th February, 2014. As contained in ARMFA's letter to members, dated 9th November, 2013, their trip was for (10) days, from 1st to 10th November, 2013 (inclusive) due to flight availability, he added. He further said that they left Mombasa on 9th November, 2013 on an early flight to Nairobi and full per diem was therefore utilised for four days by himself (the CEO), for 1st and 2nd and 9th and 10th November, 2013. He said that the offer was for specific meals and limited drinks (one soft drink or bottle of water per meal only) and that any meal or additional drink outside of what was provided was at the expense of the member. He maintained that becoming a member of such an association (35) member countries including Sierra Leone for the first time will generally involve a lot of networking and social interaction to further expose the RMFA to the more detailed success and challenges of some member countries and will require some expenditure outside of the offer provided by KRB. Therefore, per diem for the six days and \$1,000 for contingency was used to pay for desired meals, and additional drinks not included in the offer as well as for networking/ social interaction with other Road Fund Executives on some evenings, he further mentioned. The said that Administration however noted that in future similar circumstances requests for networking/ socialising and contingencies will be separate from per diem and such payments properly and adequately retired.

Auditor's Comment:

Supporting documents should have been provided for all expenditures financed from the administration resources. Therefore the issue stands.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.11. SIERRA LEONE INSURANCE COMMISSION (2012)**Recognition of Income**

Majority of the brokers did not produce or submit audited financial statements to the Commission. This made it impossible to ascertain the completeness of income with regards registration income reported. It was recommended that the Commission should take stringent measures using its mandate to ensure that those brokers should produce their audited financial statements on a timely basis to the Commission.

Official's Response

The Commissioner stated that some of those brokers had been reduced to ordinary agency for non-compliance, and the Commission was presently working with registered brokers in order to form themselves into a brokers association similar to the Sierra Leone Insurance Association (SLIA), so that it will be easier for the Commission to supervise them, and as such they were hoping to arrest this non-compliance by some of those brokers.

Auditor's Comment

Evidence of meeting held between the brokers and the Commission was submitted during verification. The minutes of meeting only referred to a proposal by the Commission but there were no evidence of time line of actions to be taken by the Commission.

Incorrect End Of Service Benefit Calculation

For the period under review, end of service benefit was incorrectly calculated using the repealed labor laws of 1970 instead of the 2011 labor laws. This led to a litigation action taken against the Commission by an employee. It was recommended that the Commission should endeavour to calculate its end of service provisions and payments based on the revised 2011 Labour laws.

Official's Response

The Commissioner said that a present condition of service for staff approved by the Board few years ago stated that each staff was entitled to one month salary for each year of service completed and that had not been reviewed by the Board. He mentioned that the Ministry of Finance and Economic Development only budgeted additional one month salary for each year completed as End of Year benefit for staff in addition to their contribution to NASSIT. He noted that last year, they understood that the Labour Law had changed and they forwarded that information in writing to the Financial Secretary for his attention and advice. He however mentioned that they were still waiting for his reaction and recommendations.

Auditor's Comment

The Management response was well noted. However the issue still stands.

6.12. NATIONAL COMMISSION FOR PRIVATISATION (2012)

Composition Of The Commission

Section 5 of the National Commission for Privatisation Act, 2002 provides that “the Commission should consist of a Commissioner as Chairman and the following other members:-

- Governor, Bank of Sierra Leone
- Representative of:
 - Sierra Leone Labour Congress;
 - The Institute of Chartered Accountants of Sierra Leone;
 - Sierra Leone Bar Association;
 - Sierra Leone Bankers Association;
 - Professional Engineers Association;
 - Sierra Leone Chambers of Commerce, Industry and Agriculture;
 - Sierra Leone Indigenous Business Association; and
 - University of Sierra Leone.

It was observed that the Sierra Leone Bar Association was yet to be represented.

It was recommended that the Commission should pursue the representation of Sierra Leone Bar Association in order to comply with Section 5 of the National Commission for Privatisation Act, 2002. Alternatively the Commission should consider amending the act in order to take care of that issue.

Official’s Response (2011)

The Commissioner stated that the Commission will ensure that the Sierra Leone Bar Association was represented in order to comply with section 5 of the NCP Act 2002.

Auditor’s Comments (2012)

The situation remains the same; as indicated in their last management report.

Official’s Response (2012)

The Commissioner stated that the Sierra Leone Bar Association was yet to be represented.

6.13. SIERRA LEONE TELECOMMUNICATIONS COMPANY - SIERRATEL (2011)

File management

It was observed that the disbursement documents were not appropriately filed. It was therefore difficult to match documents to respective expense transactions.

Official’s Response

The GM stated that management will ensure that the supporting documents were orderly kept under general ledger account codes and not by cheque numbers.

Auditor’s Comment

Management’s response was well noted. However the issue still stands.

No Maintenance and Capitalisation policy.

There was no evidence of documented maintenance and capitalisation policy in operation in the company. It was recommended that management should develop and implement a documented maintenance and capitalisation policy that will guide the company to effectively manage its fixed assets.

Official's Response

The GM stated that management was in the process of creating a maintenance and capitalisation policy.

Auditor's Comment

Management's response was noted; however no evidence was submitted to substantiate the response. Therefore the issue still stands.

Inadequate Supporting documents in respect of Revenue

Amount stated as revenue from National Telephone, IDD, CDMA and collocation totalling Le8,457,800,000 could not be verified as adequate supporting documents such as receipts were not submitted for audit inspection.

Official's Response

The GM mentioned that the supporting documents were available for verification.

Auditor's Comment

During the verification, only schedules to the financial statements were presented. Hence the issue is still outstanding.

Inadequate supporting Document in respect of payables

Payable confirmation letters were sent to Airtel, Africell, Chell Holding and Comuim to confirm payables totalling Le21,522,879,000 but no confirmation was received by the auditors till the end of the audit. It was recommended that Sierratel's management must ensure that the identified companies respond to their confirmation letters.

Official's Response

The GM stated that they had contacted the creditors to respond to the confirmations and they shall continue to contact them to respond.

Auditor's Comment

Confirmation was not received. Therefore the issue is still outstanding.

No Basis of Calculation of impairment

Amounts stated as impairment totalled Le2,674,783,000 could not be verified as the reliable basis for calculation and approval was not provided to the audit team. It was recommended that the Director of Finance should provide all supporting documents in respect of the impairment calculation for audit inspection and evidence of approval.

Official's Response

The GM stated that the impairment of Le2,674,783,000 was estimated at 15% of the outstanding trade/fixed network receivables. He added that management made several attempts to recover the receivables, but since their attempts were unsuccessful, they asked the Board to approve the written-off as bad debt.

Auditor's Comment

Management's explanation was noted. However, the issue still stands.

No Loan Register

The auditors were unable to verify t loans to staff as there was no loan register in operation. It was recommended that management should develop and implement a loan register.

Official's Response

The GM stated that recommendations already implemented as staff loan register was already maintained.

Auditor's Comment

Loan register was not produced. Hence, the issue is still outstanding.

Obsolete Inventory

The amount stated as allowance for obsolete inventory totalled Le2,000,000,000 could not be ascertained as the basis of calculation was not shared with the audit team. It was recommended that the formula, on which the calculation was based, should be clearly disclosed.

Official's Response

The GM stated that most of the inventory consist of obsolete items and the estimated amount of Le2 billion was reasonable, act as a place holder, and management had asked the board to approve the written of obsolete inventory.

Auditor's Comment

Management's response was noted. However, the issue still stands.

Inadequate supporting documents in respect of Inventory

Inventory items valued at Le8,564,332 could not be verified as adequate supporting document were not provided for audit inspection. It was recommended that the Director of Finance should submit the relevant supporting documents for audit inspection.

Official's Response

The GM noted that the inventory items were obsolete items and board resolution was already passed to written-down/ disposed of the items.

Auditor's Comment

Management's explanation was noted. However, the issue still stands.

No General Ledger And Trial Balance Were Submitted

Trial balance and general ledger were not submitted for the financial period under review. It was recommended that the Director of Finance should provide trial balance, general ledger and other supporting documents within thirty days upon the receipt of the report.

Official's Response

The GM stated that the trail balance and the general ledger were available for audit verification.

Auditor's Comment

Trail balance was produced but general ledger was not presented. Therefore, the issue on general ledger was still outstanding.

No operational Manual

There was no Financial Management Manual for the period under review. It was recommended that the Company should develop and implement a Financial Management Manual that will guide the activities of the company.

Official's Response

The GM stated that management was in the process of creating an accounting/financial management manual.

Auditor's Comment

Management's explanation was noted. However, the issue still stands.

6.14. SIERRA LEONE TELECOMMUNICATIONS COMPANY –SIERRATEL (2012-2013)**No IT Security policy**

There was no evidence that the company established an approved IT policy document for operational activities. It was recommended that management should develop and implement an IT policy document that will guide the company in managing its IT infrastructure.

Official's Response.

The GM stated that the company was in the process of developing an IT policy.

Auditor's Comment

Management's response was noted. However, the issue still stands.

No Business Continuity Plan And Disaster Recovery Plan

There was no evidence of an approved Business continuity plan and disaster recovery plan. It was therefore recommended that management should develop and implement a business continuity plan and disaster recovery plan that will ensure its IT infrastructure support the recovery of its business process in the event of disruption or disaster.

Official's Response

The GM stated that processes were already in place where the server and backup were located at Tower Hill whilst the IT network was located at Central Exchange. He added that backup was done daily or weekly dependent on the sensitivity of the data. He further mentioned that management would document business continuity and disaster recovery plan.

Auditor's Comment.

During the verification exercise, documentary evidence was not made available to the audit team.

No System Reconciliation

There was no evidence of periodic reconciliations between information that was imputed into the Dolphin system and the printout of the system. It was recommended that management should develop and implement a control mechanism that will reconcile the information that was inputted into the system with those printed.

Official's Response.

The GM stated that management would develop a control mechanism that will ensure reconciliation of data inputted in the system.

Auditor's Comment.

Management's explanation was noted. However, the issue still stands.

Poor File Management

It was observed that disbursement documents were not appropriately filed. As a result, it was difficult to match documents to respective expenses transactions for 2012 & 2013. It was recommended that management should ensure that all supporting documents were orderly kept and serially numbered.

Official's Response

The GM stated that management will ensure that the supporting documents were orderly kept and filed under general ledger account codes and not by cheque number.

Auditor's Comment.

Management's response was noted. However, the issue still stands.

Inadequate Control Over The Distribution And Usage Of Fuel

It was observed that delivery notes were not submitted for 14400 gallons of fuel amounting to Le324,000,000 that was delivered to the Kenema exchange and Bandama site. It was recommended that management should ensure that delivery note in support of the fuel supplied to Kenema exchange and Bandama site were submitted to the audit team within thirty days of the receipt of the letter for verification.

Official's Response.

The GM noted that the quantity of fuel delivery/supplied was determined by the consumption of fuel by the generator and management and the supplier agreed on the quota. He added that a logbook of quantity of supplies was kept at the site and both the security guard and the person that delivered the fuel signed the logbook.

Auditor's Comment.

During the verification, adequate supporting documents were not provided. Therefore the issue still stands.

No Adequate Supporting Document

Adequate supporting documents were not submitted in support of amounts disclosed as fixed revenue totalling Le128,625,075 for 2012 and CDMA totalling Le265,873,844 for 2013. It was recommended that the Director of Finance should ensure that all necessary supporting documents in respect of fixed revenue were submitted for audit verification.

Official's Response.

The GM mentioned that supporting documents were now available for audit verification.

Auditor's Comment.

During the verification, only the schedule to the financial statement was presented.

No Bank Reconciliation Statements Submitted For 2012

Bank reconciliation were not prepared for 2012. In addition, the balances in the bank statements were disclosed in the financial statement as year end balances. It was recommended that mechanisms were developed to ensure that all bank accounts were reconciled each month under the supervision of a senior staff.

Official's Response

The GM stated that a mechanism was already in place ensuring that bank reconciliations were timely prepared, reviewed and signed by a senior staff.

Auditor's Comment

During the verification, bank reconciliation for 2012 was not provided.

Debtors Circularisation Not Received

Debtor circularization was not received for the amount of Le9,698,559,381,000 and Le22,649,764,057 for 2012 and 2013 financial statements respectively. It was recommended that management should initiate action in getting clients to respond to the circularisation.

Official's Response

The GM said that they had contacted the creditors and will continue to contact them to respond.

Auditor's Comment

Confirmations to circularisation were still not received.

Payables Confirmation In Respect Of Payables

Creditor circularisations were not received for amounts totalling Le6,997,497,261,000 and Le24,101,565,876,000 for 2012 and 2013 respectively. It was therefore recommended that Sierrate's management should take frantic measures to see that the individual companies concerned respond to the confirmation letters.

Official's Response

The GM stated that they had contacted the creditors to respond to the confirmations and they shall continue to contact them to respond.

Auditor's Comment

Confirmation for payables was not received. Hence the issue still stands.

6.15. NATIONAL TELECOMMUNICATIONS COMMISSION -NATCOM (2012)**Difference In The Exchange Rate**

The NATCOM invoice stated that telecommunication operators should pay their fees in dollars or the prevailing market exchange rate. It was however observed that two operators namely Africell and Comium did not pay their licence fees at the prevailing market rate of Le4,400 to the US Dollar for the period under review, rather they paid Le4,100. It was recommended that the Director of Finance should provide explanation why those two operators did not pay their licence fees at the prevailing market rate. The commission should also ensure that the operators comply with the terms and conditions stated in the invoice submitted to operators.

Official's Response

The DG stated that legal and license department (enforcement team) had written to the two operators and waiting for response from them.

Auditor's Comment

During the verification exercise, we were not provided with the responses from the two operators; therefore, the issue still stands.

Debtors Circularisation

Debtors confirmation were not received for debt circularised which totalled Le12,712,195,000 . It was recommended that the management should initiate actions to get clients to respond to circularisation. The audit team should also be informed of such actions accordingly. Customers' accounts should be reconciled regularly, an aged receivable analysis should highlight customers' overdue balances which should form part of a regular report to senior management along with details of actions that are to be taken to pursue the debts.

Official's Response

The DG said that the operators/service providers were contacted and promised to reply to the confirmation letters. However, Comium and Rawabi Dubai were not located to be contacted.

Auditor's Comment

The debtors circularised did not confirm their indebtedness to the commission.

Non Monitoring Of Telecommunications Equipment

Section 43(1) of the Telecommunications Act of 2006 states; "The Commission may monitor the use of telecommunications equipment to determine the standards of performance of the equipment". It was observed that only one telecommunications company was inspected in the year under review. It was recommended that the commission should ensure that it complies with all provisions of the Telecommunications Act of 2006 and also telecommunications operators should be regularly monitored to ensure that they comply with the act.

Official's Response

The DG stated that it had been implemented and there were documents available for inspection.

Auditor's Comment

The Commission did not provide any evidence during the verification in relation to inspection, therefore the issue still stands.

No Policy On Support To National Development Project

The commission did not have a policy for amounts disbursed as "Support to National Development". It was recommended that the commission should develop and implement a policy that will guide it in disbursing funds to "National Development".

Official's Response

The DG stated that it was now in progress and will be completed soon and submitted for approval to the board of Commissioners.

Auditor's Comment

The commission failed to submit policy on support to National Development Project; therefore, the issue still stands.

No Evidence Of Approval For Remuneration And Allowances For Commissioners

Section 6 of the Telecommunications Act 2009 states: "The Chairman and the other members shall be paid such remuneration and allowances as the President may determine and shall be reimbursed by the Commission, for the expenses incurred in connection with the discharge of their functions". It was observed that there was no evidence of approval from the Office of the President in relation to remuneration and allowances to the commissioners. It was recommended that the Commission should submit evidence of approval from the Office of the President in relation to remuneration and allowances paid to commissioners. The Commission should ensure that it complies with all relevant provisions of the Telecommunications Act.

Official's Response

The DG stated that the DG and the Commissioners were working on that with State House.

Auditor's Comment

The Commission did not submit evidence of approval for remuneration and allowances for Commissioners, therefore, the issue still stands.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.16. NATIONAL POWER AUTHORITY (2010)**Completeness And Existence Of Revenue**

Electronic copies of the billings for post-paid customers which are normally updated with manual meter readings were not obtained for the period under review. The audit team was unable to utilise the computer-assisted audit techniques to re-compute the revenue for the period and ascertain the accuracy thereof. The auditors were uncertain whether all the billings were reflected in those registers. For prepaid revenue, we were not provided with electronic copies of the codes generated representing

the kilowatts purchased by the customers and the bank statements of payments made by these customers for the months of January to April 2010. Furthermore, lump sum figures for prepaid revenue from May to December 2010 were provided without detailed transactions making up the figures including codes generated per customer payments and bank statement details for these payments. In one specific instance, the auditors noted Le15,844,478,498 which represented cash collected from post-paid customers, although debited with the bank accounts, it was eventually credited to the sales account for prepaid customers. This was later reversed and credited to the prepayment account maintained for prepaid sales. This means that cash collected from post-paid customers was not used to reduce those post-paid customers' accounts, thus overstating post-paid debtors by Le15.8 billion. Again, due to the state of the records we were unable to verify that the outstanding amount of Le23.9 billion at year end on the prepaid sales account was actually reflected in those bank statements after the year ended 31 December 2010. Daily sales reports submitted by commercial bank staff contracted by the Authority to carry out revenue collection were not reconciled on a daily basis by the revenue accountant with balances of sales generated by the IT system. The auditors were only provided with daily cash reports from the cashiers for less than one month. For the remaining period under review, none of these documents were provided for review.

As a result, the audit team was unable to use computer-assisted audit techniques procedures to verify the completeness, existence and accuracy of prepaid revenue recorded during the period. The same applies to post-paid revenue, which was due to the information that was provided in hard copy (register) by districts and months and not in electronic copies which prevented the team to verify the completeness of this category of revenue. It was recommended that daily reconciliations of sales figures as submitted by commercial banks staff and balances on sales generated by the IT system should be done and reconciled with bank statements balances. Electronic copies of break-down for both prepaid and post-paid sales should also be maintained to assist in the verification of sales generally.

Official's Response

The GM responded thus: "The utility 2000 billing system was initially meant to maintain 20,000 customers. With improvement in generation and transmission and distribution network, more customers have been connected to the grid thereby increasing our customers base to more than 20,000 on post-paid. The lack of adequate storage capacity of the utility 2000 billing means that customer data can only be kept for a year. Since the audit was conducted in 2013, the billing information which includes among other things the sales revenue for 2010, had already been purged and cannot be made available in soft copy.

However, it should be noted that billing control tables are not manual but system generated from the utility 2000 and thus reliance be placed upon them to ascertain the veracity of the sales revenue and hence the debtors figures. The billing control tables were provided for each month under the period of review; however, the challenge that may be encountered is that the exercise is cumbersome and time consuming because of the volume.

Management with the support of external funding is seeking to procure state of the art integrated management system solutions. In the interim, management is in the process of installing integrated accounting software solution system which will incorporate a module for the billing (Customer Order Processing Module, linked with Receivables Module in the Microsoft Dynamics Great Plains 2013 Software).

NPA has decided 'to go 100% prepaid' in order to resolve the challenges of the utility 2000 billing system, and in fact post-paid debts generally.

Attached are copies of Kilowatts sold and revenues generated for the period January 2010 to April 2010, together with the bank statements. The relevant journals are also attached for ease of reference. The process of generating codes per customer payments is a cumbersome exercise and not too important in ascertaining the accuracy and completeness of sales revenue. This is because we have customers that will charge more than five times a week and there are currently more than 50,000 prepaid customers. The codes generated are neither pre-printed nor stored. The KWH sold from prepaid sales together with average tariff charge per KWH could be a reasonable basis of determining the accuracy of the prepaid sales revenue.

The amount of Le15,844,478,498 which is a cash receipt from prepaid sales not post-paid sales as indicated was erroneously credited to the prepaid debtor account but was subsequently reversed and credited to the correct prepaid sales account. Whilst cash collected from electricity sales is banked, distinction is not being made between post-paid and prepaid sales cash that is banked. There is evidence that the outstanding Le23.9 billion at the year on the prepaid sales account was part of the total cash collected and lodged with various banks. Initially, when the cash collections was outsourced to the banks the Authority experience huge challenge as most banks did not have internet banking facilities and daily returns confirming lodgement were not sent. When the Authority did receive statement from some of the banks, the statements were bulky.

Daily reconciliations are now being done whereby the IT generated report and cashiers report, and amount lodged are reconciled in the revenue section, and spot checks of cash reconciliations are carried out intermittently during the week”.

Non-Compliance On Contract Agreement For NPA Revenue Collection

Even though contracts existed between the National Power Authority and various commercial banks for revenue collection on behalf of the Authority, and as part of the contract, the commercial bank cashiers should work on weekends, it was observed that revenue was collected by some NPA staff, either because the bank staff reported for work late or did not report for work on weekends. It was recommended that a legally binding contract which spells out the duties of the bank staff be maintained and fully complied with at all times.

Official's Response

The GM stated that the Authority was in the process of finalising Service Level Agreement with various banks which would indicate penalties for non compliance to the said legally binding contract. He however mentioned that it should be noted that NPA staff was not collecting cash during the period of review as cash collection was done 100% by the banks. He said that when some of the banks pulled out for various reasons particularly insignificant commission fees paid by NPA, it left huge vacuum and that situation became untenable when their valued and esteemed customers had to stand in long queues for hours before they could be served. He further said that the situation worsened to the extent that there was national media coverage of inefficient customer services in which NPA staff had to intervene to salvage the situation and redeemed the image of the Authority. He mentioned that cash collected by NPA staff were auditable and there were evidences of bank receipts confirming bank lodgement.

He concluded by stating that NPA was in the process of implementing “The Power Hub Project” which encapsulates business models that would provide alternative payment channels using scratch cards, point of sale terminals and mobile money and this would reduce cash handling by NPA staff and increase access to convenient ways of buying electricity.

Non Provision Of Daily Bank Reconciliations By The Authority's Banks

There was an agreement between the Authority and their commercial bankers for the banks to provide daily bank statements to the Authority. As part of the agreement, the banks were also supposed to provide an internet access to the head of finance of the Authority, who would reconcile revenue balances as per revenue collected and bank statement balances. However, all but two banks had a reliable internet service which gave access to the Head of Finance of the Authority and which gave daily bank statements online. It was recommended that reliable internet connections should be demanded from the commercial banks in order to provide direct access to the Authority's accounts on a daily basis.

Official's Response

The GM said that the tentative SLA did not make it as a condition for commercial banks to provide internet banking which will ease reconciliations of lodgements. He however stated the revised SLA had made provision for it as a condition precedent for collecting cash on NPA's behalf and while waiting for the signing of the revised SLA, efforts were made by management in accessing internet banking facility from some banks which had tremendously helped for lodgement reconciliations. He also stressed that procedures had been designed whereby collections were traced and reconciled to bulk bank deposits. Again the implementation of The Power Hub Project would ease the reconciliation of revenue, he concluded.

Completeness And Existence Of Trade Receivables

The auditors noted the non availability of a trade debtor lasting for the period under review. From a total balance of Le 104 billion, a listing of only Le6.6 billion was provided, which represented 6% of the total balance. As a result, the audit team was unable to use computer-assisted audit techniques procedures to verify the completeness, existence and accuracy of trade debtors recorded during the period. In addition, a detailed listing of the debtors by district, listing the profile of each debtor with balances outstanding could not be provided for our review. It was recommended that management should ensure that detailed information was always available for verification whether by external or internal parties.

Official's Response

The GM stated that the hard copy of list of debtors, address and tariff category could be accessed from the Billing Control Tables which were systems generated. He again mentioned that for reasons mentioned in previous responses, there were system difficulties in retrieving the soft copy accurately. He however, noted that the hard copy (Billing Control Tables) was systems generated at that time, and could be used for debtors' circularisation for that period.

Accounting for employee benefits

The Authority's employees were entitled to end of service benefits. No liabilities were however provided for in the Authority's books during the current period. Furthermore, the auditors noted that actuarial assumptions were not used to value the resulting obligation and expense arising under the defined benefit scheme in order to comply with International Accounting Standards (IAS) 19. It was recommended that management should ensure that the liability was measured using the appropriate actuarial assumptions as frequently as possible, at least, every two years or whenever there was a significant change in the underlying assumptions and staff movements. A certified actuary should also be employed to perform that exercise.

Official's Response

The GM stated that management had engaged an actuary firm to carry out the valuation of end of service benefit and pension in compliance with LAS 19 with the view of determining and validating end of service benefit and pension fund liabilities which would be reflected in the books of the Authority, the valuation of which was done and reported. He maintained that KPMG should formally indicate acceptance otherwise of the valuations. He however mentioned that management was willing to take all necessary steps to ensure compliance in that respect.

Differences In Opening Balance Of Cash Items

During the review of cash and cash equivalents, it was noted that the opening balances of cash items in the trial balance and schedule provided did not agree to the 2009 audited signed account balances. It was therefore recommended that the correct and accurate balances should always be maintained by the Authority.

Official's Response

The GM stated that the situation had now been corrected.

Differences Between Cash Book Balances And Trial Balance

The review of cash and cash equivalents also revealed that the cashbook balances for various bank account balances were different from balances on the trial balance. It was recommended that reliable, correct and accurate balances should always be maintained by the Authority for its cash balance both in its cashbook and trial balance.

Official's Response

The GM mentioned that the differences between cash book balance and trial balance which arose was as a result of the breakdown of the accounting software system that had now been corrected.

Confirmation Of Bank Account Balances Not Recognised In The Authority's Book

Account balances confirmed by various banks were not accounted for in the books of the Authority. This amounted to Le4.69 billion. It was also noted in other instances that there were differences between balances as per bank confirmation and balances as per bank reconciliation statements. This was pervasive in the accounts generally. It was recommended that the Authority should ensure all bank accounts kept by their bankers are accounted for properly in their books, and effective bank reconciliation statements prepared and monitored.

Official's Response

The GM stated that the accounts which were not accounted for in the books of the Authority were mainly collection accounts which were treated as transit accounts. In other words, cash collected and lodged to collection accounts will be transferred to the operating current accounts either at the end of every week or as the need arises. He however noted that those collections accounts had now been booked in the Authority's record and daily reconciliation confirming lodgements were carried out.

Credit Depreciation Balance

The review of fixed assets revealed that depreciation balance for office equipment which also was the charge for the year was a negative balance of Le37.6 million which was unusual. It was recommended

that proper controls should be in place with regards computation of depreciation charge and subsequent review.

Official's Response

The GM stated that a negative balance in respect of depreciation under the period of review had been corrected and reversed.

Long Outstanding Balance In WIP

There was long outstanding balance of Le2.1 billion in capital work-in-progress which was yet to be capitalised. That amount represented amounts paid by the Authority to Interserve Industrial Services in England for a contract for the supply installation, testing and commissioning of a power generating plant for the Authority. It was recommended that management should ensure timely transfer of items under capital work-in-progress to fixed assets or otherwise expensed.

Official's Response

The GM stated that they had not yet received certificate of work completion from Interserve Industrial Service. He added that the project was for the supply and installation of transmission and distribution materials and not a generating plant. This was not yet completed and the Authority continued to receive materials from Interserve in respect of the project, he further mentioned.

Retranslation Of Foreign Currency Monetary Liabilities

The review of the foreign currency denominated monetary liabilities at year end revealed that the Authority did not translate them as at year end using the applicable exchange rates. That was not in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). Whilst the auditors were aware of the Authority's accounting policies relating to the translation of foreign currency denominated liabilities, the Authority was expected to prepare statutory financial statements that would be in compliance with International Financial Reporting Standards (IFRS) for statutory reporting purposes. It was recommended that management should realise that the Authority had an obligation to prepare financial statements for reporting purposes that were accurate in all material respect.

Official's Response

The GM stated that foreign creditors had been translated in accordance with LAS 21 and the resulting exchange gain/loss recognised in the Comprehensive Income Statement.

No Policy On Provision For Inventory Obsolescence

The Authority did not have a policy on inventory obsolescence. As a result, no figure was included in the financial statement for such. It was recommended that management should ensure that a policy was in place to ensure inventories were stated correctly in the financial statements ensuring its correctness.

Official Response

The GM stated that the Authority was in the process of developing an accounting procedures manual which will address the concerns raised. He said that would be done as soon as the integrated business solution software was implemented and its dictates incorporated into the manual.

No Policy On Provision For Bad Debt

Although the Authority made a provision for bad debt for the period, it did not actually have a policy in place which could lead to accurate figures being inputted into the financial statements. It was recommended that management should ensure that a policy was in place to ensure trade debtors were stated correctly in the financial statements ensuring correctness and recoverability.

Official's Response

The GM stated that the Authority was in the process of developing an accounting procedures manual which will address the concerns raised. That will be done as soon as the integrated business solution software was implemented and its dictates were incorporated into the manual, he added. He however said that the Authority was making a general provision for bad debt of 10%. He mentioned that the current utility 2000 billing system was incapable of stratifying the receivables to enable them to perform ageing analysis, stressing that the integrated business solution system will address that issue.

Outdated Rental Agreement

The National Power Authority accommodated some tenants to use empty spaces at its head office, from which the Authority was expected to collect income from those tenants as rent for use of part of the building. However, during our review of the rental agreement, we noted that they cover periods between 2001 and 2003. There were no recent agreements to support the basis for which rental income had been made in the books. In an instance of one of the tenant who was not occupying the building any longer a provision for rental income was made with no basis to support that. It was recommended that management should ensure that an updated rental agreement was in place to ensure the Authority was protected and for maintaining proper accounting records.

Official's Response

The GM said that he had attached the supporting documents which addressed the concerns raised.

Non Provision Of Grant And Other Agreement/Memorandum Of Understanding

We were not provided with certain agreements and/or memorandum of understanding for the following:

- Japanese grant;
- Other capital grant;
- Independent Power Purchase Agreement;
- EIB Loan;
- Western Area Power Generation Project 16MW; and
- Urban Water Supply IDA Credit 2702.

It was recommended that management should obtain copies of those agreements and file them for reference purposes.

Official's Response

The GM stated that management noted the findings; and documents relating to bilateral agreement in respect of grants/loans had been requested from the Ministry of Energy.

Erroneous Accounting Entries And Wrong Treatment Of Accounts

It was noted that series of wrong accounting entries were made affecting various accounts such as:

- Oil Creditors Account;
- Payroll Control Account;
- Cost of Sales Account;
- Prepaid Sales Account;
- Prepayment Account;
- Fixed Asset Account;
- Depreciation Account;

This as such led to some accounts being treated as both expense account (cost of sales) and creditor account at the same time. In addition, entries that should have been credited in the supplier's account were instead debited. It was recommended that management should ensure proper review of postings into the system on a timely basis.

Official's Response

The GM stated that erroneous accounting entries that were made in various accounts had been corrected. He however said that management noted the observation and all subsequent journals in the future would be reviewed by senior officer both before and after postings.

Reply From The In-House Legal Adviser

It was confirmed through investigations that there were pending litigation against the Authority but were not disclosed to the auditors raising the issue of confidentiality. As such no disclosure was made under contingent liability as per requirements of IAS 37. It was recommended that management should ensure that timely information was provided for the financial statements to show a true and fair view.

Official's Response

The GM noted the findings and said that he had attached a list outlining all pending litigation and related costs.

Communication Gap Between Finance And Management Account Departments

There was poor communication between the Finance Department and the Management Account Department. There were also instances where none of the departments had any idea of certain transaction(s) that were posted in some of the accounts and none took responsibility for the transaction. It was recommended that proper communication should be established between the Management Account and Finance Departments and clear lines of authority and responsibility established.

Official's Response

The GM stated that the Local Area Network (LAN) established will abridge the communication gap between financial and management sections within the finance department.

Comments On Trend Analysis

After a trend analysis was done on the payroll, no comments were provided for the changes in monthly payroll expenses. Management could not provide any meaningful comments for the trend identified. It was recommended that management should provide information on a timely basis for review.

Official's Response

The GM mentioned that auditors were informed that there was a 20% salary increase for all intermediate and senior staff in 2010. He said that three (3) executive management staff were also appointed.

Difference In Payroll Reconciliation

A difference was observed in reconciling the payroll to the general ledger. It was recommended that management should ensure timely review of postings into the system for the financial statement to show a true and fair view.

Official's Response

The GM stated that the formula used in the payroll sheet was corrupted due to virus infection which resulted in payroll difference with the general ledger. He however mentioned that the difference had been corrected.

Information Security Policies And Procedures

The existence of an Information Security Policy document titled “NPA ICT Management & Technical Policies” was noted. This policy document had been reviewed and approved by the Information Systems Steering Committee of NPA. As indicated in the policy, its aim was to ensure a consistent use of ICT services for the benefit of the Company, Staff and ICT Systems data and equipment. It would be monitored and adapted when necessary to ensure the integrity of the company's ICT services. It covered the following areas:

- NPA Electronic Mail Policy;
- Use of the Internet Policy; and
- Software Installation Policy.

However, as required by best practice (ISO 27001) an IT security policy should cover the following domains which had not been included in the ICT Management & Technical Policies;

- Information Security Policy;
- Information Security Management;
- Asset Management;
- Human Resource Security;
- Physical and Environmental Security;
- Communications and Operations Management;
- Access Control;
- Information Systems, Acquisition, Development and Maintenance;
- Business Continuity Management; and
- Compliance.

It was recommended that management should develop and implement a comprehensive IT Security Policy and Procedures document that would be in line with the best practice (i.e. ISO 27001 standard). At a minimum, the IT security policy should cover at least the following domains;

- Access control;
- Network Security;
- Malicious codes (Antivirus, etc.);
- Systems Development and Maintenance/ Change management and control;
- Communication and Operations Management;
- End user computing;
- Third party;
- Outsourcing;
- Compliance;
- Information Classification;
- Physical asset accountability and control;
- Physical and Environmental Security;
- Business Continuity Management; and
- Incident management.

Those policies and procedures should be approved by senior management by way of signature and they must also be enforced and communicated to all personnel via local intranet, seminars training programs etc., in order for them to be aware of their information security responsibilities.

Official's Response

The GM stated that management had developed and produced a comprehensive ICT Security Policies and Procedures document that entailed the following:

- *Information Security Policy;*
- *Access Control Policy;*
- *Malicious Code Policy;*
- *Network Access Policy;*
- *Systems Acquisition, Development & Maintenance Policy; and*
- *Systems Operation & Administration Policy*

These documents, he added, were under review by executive management to be approved by the Board of Directors. He further mentioned that the policies can address the above recommendations, copies of these would be provided if required.

Physical Access

National Power Authority was yet to develop a formalised procedures governing physical access to its IT resources. It was noted that the server room was placed on the first floor of the National Power Authority building and access to it was via key lock.

The following were absent from the Server room:

- Temperature gauge;
- Smoke or fire detector; and
- An access register/log.

Activities within the server room were thus not logged and monitored. Consequently, unauthorised access gained to perform subversive activities within the server room would go un-noticed, coupled with the fact that access to the server room is via an ordinary lock in which unauthorised personnel could have easy access to. It was recommended that management should develop a detailed policy on

physical security for its computers and related equipment including servers. Management should also ensure that the use of an access log / register was enforced with provisions to capture sufficient details and the access register/ log should be reviewed periodically. Additionally, proper environmental controls should be deployed and implemented within the data centre.

Official's Response

The GM stated that a state of the art new server room was now constructed that had most of the required equipment, such as:

- *Smoke or fire detector/ Alarm;*
- *Access register/ log;*
- *Access Control System; and*
- *Spacious and ideal environment;*

He added that, management had initiated procurement to get a temperature gauge and biometrics Access Control on the main entrance to the ICT Office.

Configuration Of Access Rules

It was noted that the creation of users on the network operating system and Great Plains application was not via the use of a standardised user creation/modification forms as required by best practice. Best practice required standardised form to be completed detailing the user's name, email account, and provision for approval by senior management prior to granting access to the system. It was recommended that management should develop and implement comprehensive standards and procedures for logical access to network resources and business applications and this should form part of the IT Security standard and procedures document. Those procedures should be enforced and communicated to all personnel. Amongst others, the guidelines should encompass the following:

- Access to the organisations business application and network must be via approved user creation forms or other forms of authentication;
- Access must be modified as required when staff moves internally within the organisation;
- Procedures must be established to ensure that human resources and business heads advice the security administration function of all relevant staff movements;
- Profile of staff disengaged from the organisation or who are on extended leave of absence should immediately be disabled or removed from all business applications and the network; and
- With the help of the application consultant/systems administrators a review of user access privileges to identify all incompatible user access rights should be performed to ensure users access right is based on 'need to do/know principle' or business need basis.

Official's Response

The GM stated that that was part of the new policies that were under review, some of which were the Access Control Policy and Network Access Policy. He added that the availability of the Domain Controller could resolve this. He further mentioned that management was fast tracking the procurement process for its implementation.

Identification And Authentication

Password security parameters such as minimum password length, password life and alpha numeric settings, session timeout had not been included in the IT security policy document. Additionally those settings had not been predefined on the network system and accompanying application. It was

recommended that management should ensure that adequate password security settings are documented in the IT Security procedure and standard document and also implemented on the companying applications and network operating system. This should be in accordance with the following standards as stipulated by ISO 27001:

▪ Minimum password length	6-8
▪ Alpha numeric password	Enabled
▪ Maximum password life	30-90 days
▪ Maximum password violation attempts	3
▪ Password history	10
▪ Forced password change on first logon	Enabled
▪ Session time out	5-15 minutes

Official's Response

The GM stated that those were currently implemented on the prepayment applications, except for the post-paid system that still required few of those policies. He mentioned that that would be incorporated upon the implementation of the Domain Controller system.

ICT Problem Management Procedures

The organisation was yet to develop problem management policy and procedures guidelines that would detail amongst others;

- Communication of operational issues;
- Resolution of issues by IT personnel;
- Logging of issues; and
- Escalation procedures.

It was also noted that problems encountered by users on the Great Plains application were not logged by the application administrator as there was no helpdesk facility. It was recommended that errors, faults, incidents etc. should be logged and a plan of action instituted for resolution or appropriate steps taken to escalate the same to relevant parties. Internal Audit should also be mandated to monitor and report on open (unresolved) items and/or long outstanding items at a given period of time.

Official's Response

The GM stated that the policy was currently in practice and management would ensure that Audit Service Sierra Leone was strictly involved to ensure effective and efficient compliance.

Business Continuity (Recovery)

The company had developed a continuity plan which detailed disaster recovery policy and strategy, plans for minimising disruption to the business including tasks and responsibilities, Disaster Recovery Committee (DRC), interim processing guidelines for key business systems, contact numbers of members of the DRC, amongst others. It was however noted that the plan was not regularly updated and had not been tested for adequacy. It was recommended that the existing continuity plan be reviewed by management with a view to addressing the issues identified above. The Company should carry out a business impact analysis of its information systems to identify the critical assets so as to accord them appropriate control in case of a disaster. Additionally, management should also ensure

that the plan was updated with any changes in the Company's operations which should be thoroughly tested at least once a year and the results of the test documented appropriately.

Official's Response

The GM stated that the Authority had invested a lot to ensure that business continuity was enhanced. He added that there was a primary and secondary Disaster Recovery System currently implemented and the Authority had established a data center at the Black Hall Road Station where the system at the headquarters synchronised with that of the recovery site.

Safeguard Of The Organisation's IT Infrastructure (Antivirus)

The Company was yet to document standard policies and procedures regarding the safeguard of the organisation's IT infrastructure from malicious attack i.e. ensuring that all laptops, workstations and servers connecting to the Company's Network had up-to-date antivirus software installed on them. However, in reviewing the practice, it was noted that the company used an enterprise version of McAfee antivirus. Further review of the antivirus definitions of some workstations revealed that they were not up-to-date at the time. It was recommended that the company should regularly monitor antivirus definitions on the servers and workstations to ensure that they are up to date and that could be achieved by implementing the "push technology" which ensures that updates from the antivirus server are promptly pushed to workstation. Furthermore, the antivirus server must be kept up-to-date using an automated and timely process.

Official's Response

The GM stated that that was part of the new policies that were under review, one of which was the Malicious Code Policy. He pointed out that management had acquired a corporate antivirus that could address the above mentioned recommendation and management would ensure that the policy was approved for quick implementation. Refer to the Table Of Common Issues (Page211) for further observations.

6.17. NATIONAL MINERALS AGENCY (2013)

Mines Directorate Revenue Without Receipt

There was no evidence of receipts issued by the Agency in support of income received which totalled Le133,983,171 in respect of Mines Directorate.

Official's Response

The DG said that NMA fully took over the Regional Offices in January 2014 and those revenues were generated in the regions and by then the NMA was not in control and was unable to issue receipts. He however noted that the MMR staff were documenting those receipts in a ledger and documentary evidence of such receipts were presented to the auditors to substantiate those revenue received adding that receipt books had been printed and was in use since the NMA took over the regions

Auditor's Comment:

The response did not address the queries raised. Therefore the issue still stands.

No approved documentation process for transfer of Asset from the ministry of Mines and Mineral Resources to the Agency

There was no detailed documentation for the transfer of assets from the Ministry of Mines and Mineral Resources to the National Minerals Agency; as such the auditors could not verify three Toyota Prado vehicles purchased by UNOPS on behalf of the Agency.

Official's Response

The DG stated that the Ministry of Mines and Mineral Resources supervised the purchase of those assets for the NMA and on commencement of operation in February 2013, the assets handed over to the NMA included 3 Toyota Land Cruisers Station wagons.

Auditor's Comment

The UNOPS documentation indicated that 6 Toyota Land Cruisers Station wagons were purchased for the Agency, but only three were presented for verification. The auditors were not unable to verify the remaining 3 Toyota Land Cruisers.

Refer to the Table Of Common Issues (Page211) for further observations.

6.18. NATIONAL ELECTORAL COMMISSION (2011-2012)

Poor Filing System

Payment vouchers were not properly filed and classified according to the account balances in the financial statements for the periods 2011 and 2012. It was recommended that in future the director of finance should ensure that payment vouchers and supporting documents are filed by subheads, with date or payment voucher numbers so that documents relating to particular activities could be easily identified. It was also recommended that the Director of Finance should ensure that all files are systematically and chronologically kept and properly referenced.

Official's Response

The Chief Electoral Commissioner stated that the finding on poor filing of payment vouchers had been duly noted and the recommendation fully accepted for implementation. He added that by 31st March, 2014 the recommended filing system will be fully operational.

Auditor's Comment:

During the verification exercise, there was no evidence of the filing system in operation, therefore the issue still stands.

6.19. SIERRA LEONE NATIONAL SHIPPING COMPANY LTD (2010)

Matters Previously Reported

Freehold Properties at Spur Road, Wilberforce, Freetown

The ownership of the above mentioned properties were being contested by a gentle man who claimed to be the new owner as a result of a court decision between the Company and an ex-member of staff. It was recommended that documentations to prove the ownership of the above mentioned properties should be made available for verification.

Official's Response

The Managing Director stated that the Scan Drive Property was indeed a freehold of the company, and had provided copy of the lawyer's correspondence relating to the freehold.

Auditor's Comment

The situation was still the same as reported in the last management report.

Official's Response

The matter was pending at the appeals court, awaiting final verdict.

No Formal Policy on Petty Cash Payments

There was no formal policy governing the amount that should be paid from the company's petty cash at a given point in time. It was also noted that payments including staff salaries and procurement of tangible fixed assets were made from petty cash. It was recommended that a formal policy defining reimbursement and payment limits should be introduced.

Official's Response

The Managing Director noted the recommendation and mentioned that there had been financial management policies which were being implemented.

Auditor's Comment

The situation was still outstanding.

Official's Response 2010

The Managing Director stated that there were necessary cash payments, necessitated by the nature of the industry; he however said that management noted the risks and exposures associated with those form of payments and action had been taken as policies been put in place to separate petty cash and cash in hand, which effect would be realised in 2014.

Current Findings**Customer's Account – Debtors Control Account**

Two or more accounts were being maintained for customers and as a result debit notes were being posted to one account and payments to other account. In addition, several genuine debts owing by several customers were written off as bad debts during the year under review. Furthermore subsequent payments of Le292,732,689 received from those customers were credited to their account instead of being treated as bad debts recovered. It was recommended that the customer accounts should be investigated with the view of merging accounts correcting amount balances.

Official's Response

The Managing Director stated that an updated accounting software had been implemented which will enable correct postings to the General Ledger.

Debit Notes and Rental Agreements

Debit notes were not posted to their correct revenue accounts and in several cases three or four transactions were aggregated and posted to a particular revenue account instead of their correct revenue accounts. Rental agreements for Store No.1 and 2 were not available for verification. It was

recommended that debit notes and receipts should be posted to their correct revenue account always. In addition, the rental agreements for store no. 1 and 2 should be made available for verification.

Official's Response

The Managing Director stated that they had a newer version of the accounting software which will facilitate corrected postings of debit notes.

Refer to the Table Of Common Issues (Page211) for further observations.

6.20. SIERRA LEONE STATE LOTTERY COMPANY LTD (2012-2013)

Cash Omitted From The Financial Statement

Cash-in-hand at the year end reserved for payment of winnings were excluded from the cash and bank balances in the financial statements. It was recommended that the cash-in-hand for the payment of winnings must always be included as the company's liquid asset, and provision for winnings set up as a liability.

Procurement Policies And Procedural Manual

The organisation had a procurement and procedural manual in operation. It was however not always possible to comply with some of the procurement procedures for certain items of expenditure due to local prevailing conditions in the country. It was recommended that the relevant authorities should always make a note on the request form or voucher explaining the reason for such deviations from standard procedures.

No Insurance Policy In Place

There was no insurance policy in place for the amount of cash-in-hand held by the company to pay winnings. This amount was in excess of Le30,000,000 which was a material sum of money. Past events in the country required the company's management to assess the risk and put policies in place to transfer the risk of loss that may result in theft due to any unforeseen circumstances. There was no insurance policy in place to indemnify management personnel against action that may arise in the conduct of their respective duties that may aggrieve third parties. It was recommended that the consideration should be given for such insurance policy to be in place.

Joint Venture Agreement with African Innovations Limited

Even though the contract was described as a joint venture, in substance, it was more of a joint arrangement with profit split of 20% to African Innovations Limited and 80% to S L State Lottery Company. It was recommended that the classification of the agreement should be reviewed as it does not meet the conditions of a joint venture.

Debtors Figures Significantly High

The amount of debt owed to the company by various debtors as at 31st December 2013, amounted to more than Le3 billion. A substantial sum in rental obligations was owed by NCP for a long period of time. It was recommended that management should take all necessary measures to recover the amount owed by NCP through some mechanism of debt payment schedule as writing off their debt will have a significant negative effect on the company's financial position.

No Regulatory Body Within The Entertainment Industry

It was noted with dismay that the gambling section within the entertainment industry within which the company operated had no regulatory body. It was the opinion of the auditors that there was a serious downside for Sierra Leone State Lottery Company competing with privately owned companies in an unregulated industry. It was advised that the Board of Directors should approach the relevant government authorities as a priority with a view to make recommendations for the establishment of a regulatory body to set rules and regulations and monitor the activities of companies operating in the industry.

6.21. NATIONAL TOURIST BOARD OF SIERRA LEONE (2012)

Outstanding Receivables

Le13,500,000 relating to receivables had been long outstanding in the financial statements and there were no indications that the amount would be recovered. It was recommended that the organisation should set time limit in relation to receivables in order to effectively monitor their receivables. The aging list of debtors should be effectively implemented to properly control the outstanding debts of the organisation (regular contacts should be made with the debtors).

Staff Advances Not Cleared Up

Staff advance issued for the purchase of a laptop computer had not been cleared. It was recommended that the organisation should establish a policy on advances clearly stating how and when advances were to be used, monitored and cleared. Long outstanding advances should also be followed-up regularly to ensure that those advances were cleared properly.

Pay-as-You-Earn calculation (PAYE)

Regular payments had been made to the NRA for the period under review but the calculations had not been accurate. A difference of Le1,783,430 was noted from the auditor's computation and that of the client from the sample transactions selected. It was recommended that the organisation should calculate PAYE on staff salaries correctly.

Cash Balance Variances

The cashbook balances in the bank reconciliation statements for the accounts were different from the general ledger balances recorded in the financial statements. It was recommended that thorough review of cashbook and bank reconciliation statements should be done by the appropriate authority.

Evidence of Classification Error

Two car batteries whose expected useful lives were not more than one year were capitalised as fixed assets. It was recommended that the organisation should have standard rules in relation to asset classification (value, expected useful life).

Terminal Benefit

Terminal benefit had not been done in the current financial statements or in any record of the organisation. It was recommended that the organisation should contact the national Gazette Office or the Government Bookshop and get all the Acts that related to the industry in which it operated and fully implement the laws in the next accounting period.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.22. SIERRA LEONE STANDARDS BUREAU (2009-2011)

Building Work-In-Progress

Building work-in-progress was recognised in the income statement instead of being capitalised as a fixed asset. It was recommended that the institution should review its policy properly and apply the correct treatment of its transactions which the organisation had policy in place to capitalise work-in-progress and not depreciated until the assets were put into use.

Improve Filing System

The organisation had a filing system in place however; there was need to improve the filing and retrieval of documents. The accounting documents requested during the audit were not filed properly making it difficult to retrieve documents. It was recommended that the organisation's filing system should be improved and the document files should be updated on a timely basis.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.23. INDEPENDENT MEDIA COMMISSION (2011)

Receivables' Management Policy Not Maintained

The commission did not have a receivable ageing listings and a Debtor Management Policy. It was therefore recommended that the chief accountant developed and implemented a Receivable's Management Policy within thirty 30 days upon receipt of the management letter. A receivables' ageing analysis listing should also be introduced by the Chief Accountant in which customers with overdue balances will be highlighted within thirty days upon receipt of the management letter.

Official's Response

The Chairman of the Commission stated in his response that the Finance and Administration Committee of the Commission had developed a draft Debtor Management Policy and presented to the Board for approval. He added that the chief accountant was compiling receivable ageing listing of debtors as advised.

Auditor's Comment

A draft finance and administration manual was presented for our review. However, having reviewed the manual, there was no evidence of receivable management policy in it.

No Fixed Assets Policy maintained

The Commission did not have a Fixed Assets Policy that would guide it in the acquisition, use and disposal of its generator, vehicles and computer equipment. It was recommended that the Chief Accountant should develop and implement a Fixed Assets Policy within thirty days upon receipt of the management letter and adequate monitoring should be done by the Executive Secretary to ensure that the policy was implemented.

Official's Response

The Chairman of the Commission stated that there was currently a draft revised accounting manual which among other things included policy (ies) regarding fixed assets of the Commission. He said that it was now going through the machinery of approval, while efforts were being made by the chief accountant to update the fixed assets register.

Auditor's Comment

There is evidence of Fixed Assets Policy in the draft accounting manual, however, that has not yet been approved by the commission.

No Capitalisation Policy

The Commission's Accounting Manual was silent on capitalisation of fixed assets. In 2011, management used a \$1,000 threshold to capitalise assets and ignored the nature of the asset acquired. It was recommended that the Chief Accountant should develop and implement a documented Capitalisation Policy within thirty days upon receipt of the management letter.

Officer's Response

The Chairman of the Commission said that a drafted accounting manual has capitalisation policy which was presented to the Board for approval. The Commission's Accounting Manual has been reviewed by a consultant from UNDP and was now discussed by the Finance and Admin Committee for recommendation to the Board.

Auditor's Comment

The policy is in its draft stage, however the auditors observed that in the draft document, the amounts to be considered for capitalising an asset was not stated.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.24. HUMAN RIGHT COMMISSION SIERRA LEONE -HRCSL (2012)**Blank Cheques Stubs**

There were blank cheque stubs without the names of the payees, description of payments, amount and signature of the authorised officers. It was recommended that the Director of Finance should ensure that when cheques were issued out, cheque stubs must be completed with the relevant details.

6.25. COLLEGE OF MEDICINE AND ALLIED HEALTH SCIENCES (2007)**Unpresented Documents:**

The under mentioned vital accountable documents were not submitted by the College's Finance Office for audit inspection:

- Some bank statements of accounts operated by the college;
- Debtors and creditors ledgers for the period under review;
- Certificates of all investments made on behalf of the college;
- Financial procedure manual;
- Income and expenditure schedules of the financial statements; and
- Monthly bank reconciliation statements.

It was recommended that the missing documents requested should be submitted for audit examination and the finance office should in future ensure that a systematic filing system exists for the safe custody of all accountable documents, by putting control mechanisms in place to monitor the inward and outward movements of documents.

Cash Book Reconciliation

The cashbook was not prepared in sequential order. It was noted that totals, opening and closing balances were not stated in the cashbook. The auditors also encountered some difficulties in carrying out audit exercises, especially in the area of vouching transactions.

Manual of Accounting Policies and Procedures

A manual of accounting policies and procedures was not in existence. It was recommended that management gave priority to having a more detailed and comprehensive accounting procedural manual that described financial policies to be adopted in processing financial transactions.

Accounting Software Package

There was no accounting software in place. As a result, most of the information was prepared manually which seriously retarded the progress of the audit exercise. It was recommended that a review of the entire accounting system should be done to establish the need for a suitable accounting software package taking into consideration the volume of work in existence and the timeliness in the preparation of the accounting and management information.

Period of Audit

The financial statements were not audited within the required period as stated in Section 119 (2) of the Constitution of Sierra Leone and Section 34 (2) of the University Act, 2005 which states that the books of accounts and related records of the University should be audited yearly by the Auditor General or any auditor appointed by her. It was recommended that action should be taken in future to respect the provisions of the Constitution and University Act 2005.

6.26. COLLEGE OF MEDICINE AND ALLIED HEALTH SCIENCES –COMAHS (2008 – 2011)

Administration Of The Finance And Accounts Department, And Functions

The Finance and Accounts Department was not well laid out by the council, in the performance of the accounting functions of the university. The functions were been operated on manual accounting system, using columnar cash books of different version in capturing the income and expenses for the year under review. The department did not have any finance and accounts software package to carry out their assigned functions. It was not properly set up in the university environment and the office layout was very poor with the environment not conducive for good performance of staff in their assigned functions. There was free and easy access into the department, the filing system for accounting documents were far below standards expected of a tertiary institution. The university chart of accounts was very much outdated. During the course of the audit, new accounts and codes were created without re- course to the College Manual of Accounting Procedures (MAP) which was old and long overdue.

It was recommended that the University Council urgently look into the issue of accounting software for all the three arms of the University and the proposed accounting software should be procured by the university itself and implementation and customisation should be carried out by professional accountants with adequate training to the Finance and Accounts Department staff. The University should also avoid using Information Technology (IT) professionals in installation, implementation and customisation of accounting software. The University Secretariat should have access to the accounting package with different access level and code embedded in the software. The University Council

should give paramount importance to the layout of Finance and Accounts Department in all the colleges concerned. There must be restriction to the accessibility of the Finance and Accounts Department to non-finance and accounts staff.

The University Council must ensure that there is adequate and strict control over creation of new account and code in the chart of accounts. A senior officer of the University Secretariat should be responsible for creation of new account. A single chart of accounts must be adopted and used by the University of Sierra Leone, especially the constituent colleges. The Manual of Accounting Procedures need to be reviewed and new procedures incorporated into the manual for full management of the allocated and generated resources. A single Manual of Accounting Procedures is recommended for the University of Sierra Leone and a single Chart of Accounts should apply to all the colleges or institutes under the University of Sierra Leone as soon as possible.

Capacity Building And Training

During the course of this assignment, we observed that the capability of the Finance and Accounts Department staff of the University is inadequate compared to the nature and level of assignment been handled by them. The department had employees who were not grounded in the principles of double entry and accounting convention. The staff lacked the necessary capability and experience to manage a standard Finance and Accounts Department. The number of staff in the department was inadequate for the number of functions being performed by the department, coupled with the manual system of accounting been used for performing the accounting functions. It was recommended that the University Council should always ensure that induction training is organised for newly employed staff in order for them to understand the mode of operations of the University. Capacity building and training must also be paramount in the human resources budget of the University. This should acquaint staff with the latest finance and accounting studies for them to compete with their contemporaries at other colleges.

Income Generation, Recognition And Accountability

The amount of income stated on the deposit collection sheet was different from the amount confirmed in the pay-in-slip and this was a consistent occurrence for all the years reviewed.

In year 2009, a certain income was not totally captured and reported as presented in the financial statements submitted for the audit purposes. It was noted that most of the pay-in-slip presented for audit were not edible to enable us confirm the amount in the bank statements. All records of income generated could not be correlated to each other; the pay-in-slip and the receipts presented could not be aligned to one another because the copies of the receipts were not eligible. It was also vividly revealed that there were problems with account code been used by COMAHS in the managing of the financial and accounts function. The code used in the cash books was quite different from those in the trial balance submitted to the audit team. During the exercise, problems faced with the income verification was explained to one of the staff who said that the auditors should not rely on the pay-in-slip as some of them were not genuine from the bank, but had bank stamp.

It was therefore recommended that:

- The University Council should design a fraud proof system that will enhance control over generated income by the schools;

- A single system of income generation and accountability must be agreed by the constituent colleges or institutes under the umbrella of the University of Sierra Leone;
- There are laid down procedures on generated income in the Manual of Accounting Procedures (MAP);
- The coding for the respective types of income must be in accordance with the agreed single Chart of accounts;
- The present system of payment by students should incorporate student identification (admission number) numbers on top of the bank pay-in-slip and receipt issued by the school referencing the pay-in- slip;
- A cash book for income showing the amount paid into the college's bank account by students should be maintained with the aid of the bank pay-in-slip carrying the student's admission number as well as the receipt number for payment receipt issued to the students;
- The respective colleges under the University of Sierra Leone should have their bank account where tuition fees are paid and managed by the University Secretariat; and
- The University Secretariat Finance and Accounts Department should be expanded to incorporate a section for each of the colleges, responsible for the management of the finance and accounts functions.

Expenses And Payment Vouchers

The expenses were vouched and verified from the manual cash books maintained by the college, along with the payment vouchers. The payment vouchers were not well arranged, several payment vouchers were missing and the filing system is nothing to write home about. In vouching the expenses for the years 2008 – 2010, there was no ledger account made available for the audit exercise, all vouching and verification were done from the manual cash book presented to the audit team. Collation and classification of the various expenses was done from the manual cash book. The finance and accounts staff could not produce any ledger account for the different classes of expenses.

Our observations reveal that some expenses were made without supporting documents to confirm the authenticity of the payment. Some payment vouchers were not captured in the trial balance presented to the audit team. We also discovered that some expenses were captured but with different amount as against the original figure on the payment vouchers. There was a great difference between the figures of expenses as recorded in the manual cash book compared with the figures found in the financial statements submitted to the audit team. There were payment vouchers found without the name of the beneficiary on it, while some had amount on it different from the amount calculated from the attached supporting documents.

In 2009, the arithmetical accuracy of some classes of expenses were doubtful due to the differences observed from the analysis conducted while vouching and verifying the authenticity of the expenses. There was a huge variation between the figures captured by the audit team from the manual cash book made available to the auditors as well as the figures stated in the submitted financial statements.

It was recommended that:

- The University of Sierra Leone finance and accounts department needs total restructuring and each college must be under the authority of the University Secretariat;
- The total internal control system should be overhauled by professional expert;

- The colleges should install systems at every operational point, from students admission to graduation;
- Internal control over expenditure should be revisited and properly documented in the recommended Manual of Accounting Procedures (MAP);
- The university payment vouchers must be pre-numbered and used according to the numbering on the document;
- Any unused voucher should be cancelled and retained in the booklet; and
- The used payment vouchers duplicate must be retained in the booklet along with the transaction supporting documents and arranged in a file for future use.

Bank And Cash Equivalent

The college was operating several bank accounts with no bank reconciliations statements made available for the maintained bank accounts. Supporting documents were not made available to the audit team for the bank operations and most bank accounts being operated by the college did not maintain cash books. This means that there was no supervision on the corporate bank account maintained by the college. It was observed that some accounts did not have supporting documents for their operations as they were not tendered for inspection. It was recommended that all inactive bank accounts in the records of the college (COMAHS) must be closed and deleted from the Chart of Accounts (CoA) of the college with immediate effect. If unable to delete, it must be deactivated from the CoA to enable the college concentrate on the active ones. In addition, all active bank accounts must have bank reconciliation statement (BRS) made available to the college authorities as an evidence of proper monitoring of the bank accounts with the banks.

Non Current Assets

During the audit exercise, we observed that the figures stated in the accounts for non -current assets (fixed assets) could not be substantiated with any documentary evidence. There is no fixed assets register maintained by the college. The asset capitalisation policy of the college could not be corroborated with any documentary evidence as well. It was impossible for the audit team to physically verify any of the assets with figures on the financial statements, as well as the depreciation figures stated in the financial statements. It was recommended that an assets register must be maintained for assets stated in the financial statement of any entity in a financial year. It must be designed in a manner that shows all the assets criteria, such as cost of assets, class of assets, location of the asset, depreciation rate, life span as well as the date of purchase. This must be promptly updated by an assigned responsible officer of the college to show the present status of the assets at any point in time. Controls must be installed in the management of the fixed assets of the college.

Payroll And Salaries

Salaries and payroll figures stated on the financial statements of the college did not match with the respective payroll records presented to the audit team. The records presented to the team also did not match with the amounts transferred to the respective salary account of each staff of the college. The payroll analysis sheet was not approved by any senior officer of the college. It was impossible for the audit team to determine the amount that was due and paid for NASSIT and PAYE during the period. It was recommended that the college should inculcate best practice in staff salary computation, calculation and payments. The monthly salary sheet after being prepared by the Finance and Accounts Department must be cross-checked by another department and final approval sought from senior

responsible officers assigned to those functions. On a monthly basis, salary pay-slip must be handed over to the respective staff of the college, showing the computation of their salaries and net pay amount paid into the respective staff salary accounts at the chosen banks. There must also be payroll reconciliation statement at the end of the month to ensure that the payroll amount was in agreement with the payroll analysis in comparison with the respective payroll journals raised for the month. The payroll reconciliation statement must be reviewed by a senior officer in the Finance and Accounts Department of the college, ideally, Head of Finance and Accounts Department.

Receivables And Prepayments / Payables And Accruals

Figures stated for receivables and prepayments / payables and accruals in the financial statements were not substantiated with any documentary evidence. The required schedules for the account were not made available to the audit team and there was no way for the team to confirm the authenticity of the respective figures stated for those accounts in the financial statements. Invoices and receipts for tuition fees payment by students could not be made available to the team. Furthermore, for all the items stated for receivables and prepayments, there were no documents to show as evidence of arriving at those figures. It was recommended that standard internal controls need to be installed over the entire financial management system of the college in order to have total control over revenue and expenses of the college. The college authorities need to engage the expertise of professionally qualified chartered accountants to carry out those functions. In addition, all schedules for receivables and prepayments as well as payables and accruals must be prepared and made available to the audit team for future audit assignment and the schedule must be reconciled to the respective account in the general ledger and should be in agreement with the trial balance for the period under review.

Refer to the Table Of Common Issues (Page211) for further observations.

6.27. FOURAH BAY COLLEGE - USL (2007)

File Management System:

Documents relating to college activities were not placed in lever arch files, i.e. the college did not maintain any filing system for the period under review; as a result documents relating to the audit under review were difficult to locate and this greatly impeded the audit exercise. It was strongly recommended that all related supporting documentation should be orderly kept both serially as well as chronologically in lever arch files as a means of securing the college's documents. In addition, a well designed and pre-numbered filing system should be maintained to combat this problem.

Cash Book

The cashbook was not prepared in sequential order and we noted that the cashbook maintained by the college was not analysed for the various items of expenses undertaken and income received on behalf the college, also no totals and balances were stated in the cashbook. The auditors also encountered some difficulties in carrying out audit exercises, especially in the area of vouching transactions. It was strongly recommended that the college should maintain an analysed cashbook and be serially paged to avoid any omission of entries.

Revenue

An examination of the receivable list revealed that there was ineffective system of internal controls regarding documentation of transactions especially income. During the audit it was observed that no paying-in-slip was attached for a substantial income of Le36,316,650. It was recommended that when

monies are paid into the college account, paying in-slips must be attached to the receipt and retained for audit or reference purposes.

Accounting Software Package

There was no accounting software in place as a result of which, most of the information was prepared manually which seriously retarded the progress of our audit exercise. It was recommended that an appropriate uniform accounting system after proper research should be acquired to ease the flow of accounting information for reference and audit purposes.

Transactions not traced in cashbook

A substantial amount of revenue totalled Le10718700 was not traced in the cashbook. It was recommended that when monies are paid into the college account, it must be recorded in the cashbook and the appropriate document retained for audit or reference purpose.

Period of Audit

The financial statements were not audited within the required period as stated in Section 119 (2) of the Constitution of Sierra Leone and Section 34 (2) of the University Act, 2005 which states that the books of accounts and related records of the University should be audited yearly by the Auditor General or any auditor appointed by her. It was recommended that action should be taken in future to respect the provisions of the Constitution and University Act 2005.

Manual of Accounting Policies and Procedures

A manual of accounting policies and procedures was not in existence. It was recommended that management should give priority to having a more detailed and comprehensive accounting procedural manual that shows a description of the financial policies to be adopted in processing financial transactions.

Discrepancy in Schedules and Financial Statements

It was noted that expenses schedules for the period under review provided to the auditors did not match with figures in the financial statements. It was strongly recommended that efforts should be made by management to ensure that corrected schedules of the accounts were made available to auditors to facilitate test check on the arithmetical accuracy of client financial statement.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.28. INSTITUTE OF PUBLIC ADMINISTRATION AND MANAGEMENT -IPAM (2007)

Manual of Accounting Policies and Procedures

The manual of accounting policies and procedures was not in existence. It was recommended that management should give priority to having a more detailed and comprehensive accounting procedural manual that describes the financial policies to be adopted in processing financial transactions.

Motor Vehicle

Motor vehicles belonging to IPAM valued at Le137,175,000 were purchased without the approval of the appropriate committee in charge. Payment vouchers were also not supported with relevant receipts and other supporting documents. It was recommended that the necessary supporting documents

should be submitted for inspection, and in future management should ensure that all supporting documents such as receipts and copies of approved minutes are attached to the payment voucher.

Investment

It was noted that with the exception of investment undertaken with Capital Discount House, all other certificates of investments made on behalf of the institute were not made available for inspection. It was recommended that the relevant certificates should be presented for inspection. In future, management should ensure that all investments undertaken by the institute are supported with certificates of investments and attached to investment files and retained for audit or reference purpose.

Outstanding Issue from Previous Audit

It was noted that in the previous year's financial statements, Le515,000,000 was reflected as suspense asset for some time and no attempt has been made to investigate and clear the accounts over the years. It was strongly recommended that thorough investigation should be done on the suspense asset, after which, the necessary recommendation should be made to the Committee for clearance from the financial statements.

Other Income

The following amounts: Le462,000, Le85,205 and Le209,849 represented uncategorised income and miscellaneous income during the period under review.

It was absolutely necessary for those items of income to be properly investigated and analysed to avoid the inclusion of unrecognised or miscellaneous items in the financial statements especially when the figures were increasing yearly. It was recommended that sufficient efforts should be made to analyse and allocate those items to the proper codes or subheads as dictated in the chart of accounts.

Period of Audit

The financial statements were not audited within the required period as stated in Section 119 (2) of the Constitution of Sierra Leone and Section 34 (2) of the University Act 2005, which states that the books of accounts and related records of the university should be audited yearly by the Auditor General or any auditor appointed by her. It was recommended that action should be taken in future to respect the provisions of the Constitution and University Act 2005.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.29. UNIVERSITY SECRETARIAT (2007)

File Management System

Documents relating to the Secretariat's activities were not filed. As a result, documents relating to the audit under review were difficult to locate and this greatly impeded the audit exercise. It was strongly recommended that all related supporting documentation should be orderly kept both serially as well as in chronological order as a means of securing the Secretariat's documents. A well designed and pre-numbered filing system should also be maintained to combat that problem.

Unpresented Documents

Vital accountable documents such as remaining cashbook, debtor's and creditor's ledger, certificates of all investments, bank statements and outstanding receipt books for the period under review were not submitted by the secretariat for inspection. It was recommended that the missing documents requested

should be submitted for audit examination and the Secretariat should in future ensure that a systematic filing system exists for the safe custody of all accountable documents by putting control mechanisms in place to monitor the inward and outward movements of documents.

Cash Book Reconciliation

Some of the cashbook and supporting documents were not available to carry on with the audit exercises, as such, the auditors encountered difficulties in carrying out audit exercises, especially in the area of vouching transactions. It was strongly recommended that the college should maintain the relevant cashbook and appropriate documents be made available for audit inspection.

Investments

Certificates of all investments worth Le57,467,080 as stated in the financial statements made on behalf of the Secretariat for the period under review were not made available to us. It was recommended that the relevant certificates should be presented for inspection and the name of the institution where the investment was made, should be made available for direct verification. In future, management should ensure that all investments undertaken by the institute should be supported with certificates of investments and attached to investment files and retained for audit or reference purpose.

Manual of Accounting Policies and Procedures

The manual of accounting policies and procedures was not in existence. It was recommended that management should give priority to having a detailed and comprehensive accounting procedural manual that describes the financial policies to be adopted in processing financial transactions.

Accounting Software Package

There was no accounting software in place. As a result, most of the information were prepared manually which seriously retarded the progress of the audit exercise. It was recommended that, after proper research, an appropriate uniform accounting system should be acquired to ease the flow of accounting information for reference and audit purposes.

Period of Audit

The financial statements were not audited within the required period as stated in Section 119 (2) of the Constitution of Sierra Leone and Sec 34 (2) of the university Act, 2005 which states that the books of accounts and related records of the university should be audited yearly by the Auditor General or any auditor appointed by her. It was recommended that, in future, action should be taken to respect the provisions of the Constitution and University Act 2005.

Refer to the Table Of Common Issues (Page211) for further observations.

6.30. SMALL HOLDER COMMERCIALISATION PROGRAMME - GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAMME (June 2012 - October 2013)

Seed Multiplication Project

Procurement of Seeds and Farm Tools

The following issues were observed:

- The national shopping method was used instead of the national competitive bidding for the procurement of rice seeds, vegetable seeds, watering cans, groundnut seeds, cowpea seeds and farm tools worth Le2,265,375,000;

- There was no evidence that suppliers submitted the following certificates as stated in the Request For Quotation: Phytosanitary Certificate (seed testing), up to date National Seed Dealers Certificate and Certificate of Fumigation performed, with dates indicated;
- There was no evidence of signed contract agreements between the Project Management Unit and the suppliers of seeds and farm tools;
- Two different local purchase orders were prepared with different amounts for the procurement of rice seeds. These amounts were Le1,157,200,000 and Le1,379,600,000 respectively. Three installments of Le125,000,000 each were paid based on the sum of Le1,379,600,000 which was not the amount stated during the bidding process. However a new invoice was then prepared based on the bidding price of Le1,157,200,000;
- There was a three-month lapse in the delivery of the groundnut and cowpea seeds even though the national shopping method was used instead of the national competitive bidding. We would assume that the national shopping method was used because of the urgency of the transactions but it did not meet the intended purposes.

It was recommended that contracts should only be awarded to contractors upon the presentation of the requisite documentation. The project should also ensure that suppliers complete their contracts within the validity period stated in the contract and a binding legal agreement should be put in place for all contracts awarded. It was also recommended that in future the Project should comply with all relevant procurement laws and guidelines.

Official's Response

The project manager stated that a No Objection, was provided by IFAD to proceed with National Shopping Procedure for procurement of rice seeds, vegetables seeds, watering cans, groundnut seeds, cowpea seeds and farm tools which totalled Le2,265,375,000. He added that the Phytosanitary Certificate was available for inspection and the Local Purchase Orders (LPOs) were also provided. This is a binding contract according to the National Procurement Act 2004. He mentioned that the error on the LPOs was detected by GAFSP and the revised LPO of Le1,157,200,000 was signed and re-issued with the 1st payment made on this revised LPO figure. He however maintained that the GAFSP realised that other subsequent payments were erroneously done on the wrong LPO with an amount of Le1,379,600,000 which difference shall be deducted from the final payment to the supplier. The three-month lapse in the delivery was as a result of controversy between Extension Division of MAFFS and suppliers on the variety and quality of seeds to be supplied, he concluded.

Auditor's Comment

Except for the local purchase orders (LPO) that were provided for verification, no other supporting evidence was submitted for audit inspection.

Distribution of Seeds

The following were significant findings of the verification exercise:

Kenema District

- During our visit to the Kenema District MAFFS office, we discovered that farm inputs, shovels, head-pans, hoes, garden lines, and measuring tapes were distributed to the Farmer Field schools supervisors. A detailed distribution list, showing evidence of acknowledgement of the items received by the recipients was not provided. We therefore could not confirm this with the MAFFS

supervisors because no details of contact addresses or telephone numbers of recipients were provided for verification;

- Three hundred and eighty bushels of a total of six hundred bushels of seed rice were supplied to the Kenema store by the supplier, Kam Enterprises. This matched the distribution list, submitted to us for verification. However the store clerk signed a delivery note from Kam Enterprises that indicated that six hundred bushels of rice seeds were supplied. The balance of two hundred and eighty bushels was unaccounted for and no reasonable explanation was given to us during the audit;
- Two delivery notes were signed by the store clerk for the delivery of farm tools from two different suppliers; Com Trading and Seed Tech International. During the bidding, Com Trading was awarded the contract for the supply of the farm tools, but Seed Tech International actually supplied the tools for both Kenema and Kailahun, according to the delivery note from Seed Tech International. However, according to the procurement documents, delivery notes and payment vouchers, it was confirmed that actual payments were made to Com Trading;
- According to the store issue vouchers kept at the Kenema MAFFS stores, there was no evidence indicating that watering cans were distributed to the Farmer Field Schools, even though, according to the delivery notes submitted by Seed Tech International, watering cans were included;
- Groundnut seeds were only distributed in Kenema town instead of the entire Kenema district as stated in the procurement documentation;
- Of the six hundred bushels of seed rice that should have been distributed, ninety-nine bushels were given to farmers; two hundred and fifty bushels were given to MAFFS staff for which no reasonable explanation was given. Furthermore no evidence was provided to the audit team for the distribution of the remaining two hundred and fifty one bushels.

Kailahun District

A contract for the supply of four hundred and eighty bushels of seed rice worth Le74,400,000 was awarded to Seed Multiplication Project in 2012, but there was no evidence that the rice seeds were supplied to Kailahun district. The distribution list given to the auditors was for rice seeds supplied and distributed in 2011.

Farm tools that were to be supplied by Com Trading as per procurement documentation and payment vouchers submitted to the auditors, were actually supplied by Seed Tech International. The store clerk in Kailahun however signed delivery notes from both Com Trading and Seed Tech International. These farm tools for Kailahun were collected by the store clerk in Kenema even though it was stated in the contract that suppliers should deliver items to all MAFFS district offices in the country.

Moyamba District

- According to the farmers interviewed, the groundnut seeds supplied by Seed Tech International were not in good condition and consequently, unfit for planting;
- Enquiries from farmers revealed that they did not receive cowpea seeds even though the distribution list indicated that they were supplied;
- There was no evidence in the allocated store ledger that cowpea, groundnut seeds and farm tools were received by the store clerk even though delivery notes signed by the store clerk confirmed that those items were delivered;
- The District Agriculture Officer signed and collected the delivery notes for the seed rice and not the store clerk who was in charge of the store;

- Out of a total of one thousand two hundred and twenty bushels of rice seeds, evidence of distribution was only presented for five hundred and ten bushels, the balance of seven hundred and ten bushels was not accounted for.

Bo District

According to farmers interviewed from the Farmer Field Schools, it was revealed that they received four items each of Khodalie hoes, shovels, head-pans, watering cans and gardening lines instead of five each as stated in the distribution list.

Pujehun District

According to farmers interviewed from the Farmer Field schools, it was revealed that they received four items each of Khodalie hoes, shovels, head-pans, watering cans and gardening lines instead of five each as stated in the distribution list.

Bonthe District

- According to farmers interviewed from the Farmer Field schools, it was revealed that they did not receive watering cans as stated in the distribution list;
- There was no evidence in the allocated store ledger that the one hundred and seventy -five watering cans were supplied;
- The farmers interviewed said that the groundnut seeds supplied by Seed Tech International were not in good condition and were unfit for planting purposes.

Western Area

The farmers interviewed in the Western Area said that the groundnut seeds supplied by Seed Tech International were damaged and unfit for planting;

Interviews from the Farmer Field schools revealed that three of these tools; Khodalie hoes, shovels, head-pans and gardening lines were distributed to the Farmer Field schools instead of five of each. Thirty Khodalie hoes, thirty head-pans, thirty gardening lines and thirty shovels were given to MAFFS staff for which no reasonable explanation was given;

Measuring tapes that were to be distributed to the Farmer Field schools were not distributed as indicated in the distribution list; and one hundred and twenty- five watering cans were indicated as having been distributed to the Farmer Field schools but interviews with them revealed that only seventy-five watering cans were distributed.

Kambia District

At the Kambia District MAFFS office, the District Agriculture Officer and other staff told the auditors that they were not aware of any seed rice and tool distribution in the district. It was observed that a delivery note for the supply of watering cans was signed by the store clerk even though the items were not received at the Kambia MAFFS office.

Port Loko District

Detailed distribution lists of beneficiaries were not provided to confirm whether the beneficiaries actually received the farm tools.

Kono District

According to farmers interviewed in the Farmer Field schools, it was observed that three of these tools; Khodalie hoes, shovels, head-pans and gardening lines were distributed to them instead of five of each. Enquiries and interviews from Farmer Field schools revealed that they did not receive rice seeds.

Bombali District

According to farmers interviewed it was observed that the amount of rice seeds stated in the distribution list as having been distributed was different from what was actually received by the beneficiaries.

Tonkolili District

Enquiries and interviews from the Farmer Field schools stated that four of these tools; Khodalie hoes, shovels, head-pans and gardening lines were distributed to them instead of five of each. It was recommended that the project should design and implement monitoring and control mechanisms to ensure that suppliers fully comply with the terms of the contract agreement. Intended beneficiaries must receive the accurate and complete amounts of seeds and farm tools slated for distribution.

Official's Response

Kenema

The project manager stated that the distribution list and beneficiaries were available for clarification although contact numbers of beneficiaries were not included in the list. He agreed that KAM Enterprise delivered 600 bushels of seed rice on 19/6/12 and all of it was distributed but due to the death of the then storekeeper, some of the documents could not be traced at the time of audit but had since been recovered from the family and were available for inspection). He also mentioned that because of exigency of time, Com Trading requested (internal arrangement) Seed Tech to deliver the tools on their behalf to Kenema and Kailahun. He said that the watering cans distribution list was available for inspection and that the groundnut seeds were distributed only in Kenema township because the quantity was small and the district faced transport constraints. He further stated that all 600 bushels of rice were distributed to farmers with the distribution list available for verification.

Kailahun

The project manager stated that evidence of a store receipt voucher by KAM Enterprise for the supply of 480 bushels was available but the original store receipt voucher had not been found although the distribution list was available for inspection. He said that because of the exigency of time, Com Trading requested (internal arrangement) Seed Tech to deliver the tools on their behalf to Kenema and Kailahun. He added that since the Kailahun road was terrible at the time, the storekeepers were instructed to receive and keep the tools in Kenema.

Moyamba

The project manager stated that the groundnut seeds distributed were viable and no farmer complained at the time of distribution to their extension staff. He added that the requested distribution list was available for inspection and that there was evidence of delivery notes even though a proper ledger was not kept. He further said that the District Agriculture Officer was the most senior person and head of the district office, and the storekeeper reported to him. However, the consignment was handed over to the storekeeper the following morning, he said. He noted that the distribution list for 1220 bushels of seed rice was available for inspection.

Bo District

The project manager stated that all beneficiaries received and signed for five (5) of each item and 1 measuring tape.

Pujehun

The project manager stated that evidence of delivery notes from Seed-Tech International 10/6/2012 and Com Trading International 10/6/12 for the supply of 6 items of tools and a beneficiary list to the effect was available for verification.

Bonthe

The project manager stated that 100 watering cans were received and supplied, the distribution list was attached and items were not entered into stores ledger. He added that 1,300kg of viable groundnut was received, supplied and 1,457.5kg recovered.

Western Area

The project manager stated that the groundnut seeds distributed to farmers were viable He added that 6 set of tools were received from Seed Tech International with the distribution list available for inspection. He further said that the measuring tapes were distributed with the evidence of a distribution list available and 175 watering cans were received and distributed with the evidence of a distribution list also available.

Kambia District

The project manager stated that seed rice and tools were distributed with the evidence of a distribution list available He also mentioned that watering cans were received and delivered with the evidence of a distribution list also available.

Port loko

The project manager stated that the distribution list was available for inspection.

Kono

The project manager stated that the beneficiaries signed and received MAFFS store issue vouchers for all 6 set of tools. He added that the vouchers and signed store vouchers by beneficiaries were available for inspection.

Bombali

The project manager stated that farmers received the required quantities according to the distribution list available.

Tonkolili

The project manager stated that farmers received the required quantities according to the distribution list available.

Auditor's Comment

The issues are still outstanding for all twelve (12) districts.

Assets Management

Procurement activities which amounted to Le191,877,000 could not be traced to the procurement plans for 2012 and 2013. In addition, contracts for the rehabilitation of the district agriculture offices worth Le552,446,500 were not approved by the appropriate individuals and those contracts were not signed by the Financial Controller as stated in the Financial Manual. There was also no evidence that assets had been recorded in the Fixed Assets Management System. Assets were mainly recorded in an excel format. However assets valued at Le410,635,000 were not recorded in the excel assets register. The excel format used was not comprehensive as it did not capture all the necessary fixed assets details.

Lists of equipment were not attached to the doors of the rooms where the equipment are located, as required by the Finance and Administrative Manual. Two vehicles were not made available for audit verification. Payments in respect of vehicles repairs totaling Le17,485,000 were without evidence of written reports. It was recommended that the Finance Department should accurately and appropriately input assets in to the TOMPRO software system. In addition, the lists of assets located in rooms should be attached to their doors according to the Finance and Administrative Manual. The project should also ensure that procurement plans are adhered to. Where there are deviations from plans an appropriate authority should approve. Furthermore, the project should ensure that a fixed assets register is maintained which should be regularly updated by way of additions and disposals. The project should provide evidence of the existence of all assets attached to the CNFA.

Official's Response

The project manager responded thus:

"For the supply of window curtains at SCP-GAFSP , supply of sign post & door lock for SCP-GAFSP PMU, installation of electricals at PMU, supply of one laptop computer for coordinator SCP, supply of giant photocopier, binding machine and cash safes for PMU office, the activities were not in the procurement plan but were approved by the programme manager (giving the threshold involved) following requests as a result of the need to ensure safety for the items for the newly rented PMU office. These activities were however subjected to post review.

For the refurbishment of SCP-GAFSP PMU office, the activity was not included in the procurement plan but approval was granted alongside the PMU office rent;

For the executive swivel chairs and tables for the PMU office, the activity was in the 2012 procurement plan but shopping method was used for the acquisition given that the estimate of the quantity needed then was within the NS threshold for which approval was granted by the programme manager and the activity was subjected to post review;

The activities were approved by IFAD and the contracts were signed by the programme manager, as the financial controller role as stated in the PIM was to sign the letter of award of contracts as regards the contracts and to witness all contracts with financial implications;

The assets register will be revisited as information about most PMU assets especially unallocated items were not captured although recorded in the stores ledger;

All assets allocated to the various PMU offices were registered and coded;

The vehicles were not available for audit verification;

All CNFA assets were available at PMU and Makeni District Offices for verification with the two vehicles assigned to MAFFS on request from the PS."

Auditor's Comment

The management's response was noted. However the queries were not addressed. Therefore the issue is still outstanding.

Fuel Consumption

Monthly reports for fuel consumption and vehicle history records were also not provided for audit inspection. It was recommended that the project should develop and implement control mechanisms ensuring that all project vehicles and fuel were utilised for their intended purposes in line with applicable rules and regulations.

Official's Response

The project manager stated that the PMU had always maintained vehicles and generator log books, monthly reports for fuel consumption and vehicle history records and those documents were now available for audit inspection.

Auditor's Comment

The documents presented for audit verification were the generator and vehicle log books. Monthly reports of fuel consumption and vehicle history records were not presented for audit verification. Therefore the issue still stands.

Human Resource Management

Performance Evaluation was not done for staff

The recruitment of one hundred and fifty staff for the following positions; District Irrigation Technicians, District Irrigation Engineers, Agric Business Officers, District Agric Business Officers, District Data Entry Clerks, District Field Enumerators, Block Extension Supervisors and Front Line Extension Supervisor, was cancelled because proper procurement procedures were not followed. It was also observed that the number of applicants as per the register did not reconcile with the number of applications submitted. Four drivers were given appointment letters dated 26th March, 2013 even though tests were conducted on the 16th April, 2013. It was recommended that management should ensure that proper procedures were in place for staff recruitment in line with relevant rules and regulations and that regular performance appraisal should be done for all staff in accordance with laid down procedures.

Official's Response

The project manager stated that all PMU staff completed their respective appraisal forms, setting out objectives and deliverables. He said that the performance evaluations were not done on time due to delay by MAFFS team. However they were later done and evidence was now available for audit verification. He added that the recruitment process was cancelled by IFAD and was declared ineligible by the supervising entity, IFAD for which they were never paid.

Auditor's Comment

During the verification, no evidence was submitted indicating that performance evaluations had been carried out. There was also evidence of recruitment procedures been breached such as appointment letters were issued before tests were conducted.

Inland Valley Swamps

Procurement

IFAD procurement guidelines and the National Public Procurement Act 2004 were not followed for the award of IVS contracts to 21 service providers for the sum of Le7,633,053,514. The procurement unit was not involved in the process. The rural and irrigation officer was the only officer from the SCP-GAFSP team who performed the whole procurement process.

The award for each IVS contract was above \$50,000. The project management unit in awarding these contracts to the service providers did not follow the IFAD procurement guidelines because the project manager and the financial controller authorised the contracts instead of the procurement committee.

The IVS contracts signed with the service providers were for three years whilst the supervision contract signed with MAFFS for the technical supervision of the IVS works was for two years only. The duration of the supervision contract was less than the duration of the IVS contract.

The chained power saw which was procured for the sum of Le120 million from Isabrim Enterprises was delivered more than seven weeks late. The contract delivery period of the chained power saw as per procurement document was 8-10 weeks but it did not arrive until after 17 weeks.

No procurement documents were provided for the procurement of 1,259 bushels of seed rice which amounted to Le100 million from Seed Tech International in June 2012.

It was recommended that the project management unit should ensure that IFAD procurement guidelines, NPPA Act 2004 and all relevant procurement laws were adhered to and should provide all relevant procurement documents in respect of the rice seeds for audit verification. The PMU should also ensure that contractors adhere to the terms of any contract signed with them and should ensure that all supervision contracts signed should cover the life span of the work being supervised.

Official's Response

The project manager stated thus:

‘The IVS service providers were recruited using a selection method and procedure previously adopted without queries from IFAD;

On 20/11/12, a request for “No Objection” to proceed with signing of contracts with service providers was sent and was granted. No Objection available;

The service provider selection process was conducted in collaboration with Agricultural Engineering Division (AED) of MAFFS as provided in activity 2.1.B in the 2012 AWP&B (selection of Service Providers);

For contracts above US\$50,000, the procurement committee should sign the Award of Contracts but the programme manager is the only authorised person to sign all contracts on behalf of the PMU. The case of the IVS contract was no different; the programme manager and the service providers signed the contracts and the financial controller only witnessed the contracts;

Service providers were given 3 years contract whilst AED was given one year renewable contract for supervision. The three years period served as a guarantee to SPs that their services had been engaged for a period of 3 years but the targets on the MOAs are actually GAFSP's annual targets which are in agreement with the 1 year contract with AED and AWPB of GAFSP submitted to MAFFS as annual targets for the presidential contract of the MAFFS.

The chained saw was initially delivered on time but beneficiaries complained that they were of poor quality so the supplier was requested to supply the desired type which took another 7 weeks to respond. However, there was no official correspondence to the effect.

They needed further clarification on the procurement of 1,259 bushels of seed rice (Le100m) from Seed Tech Inter as that transaction was not in the books.”

Auditor's Comment

The management's response did not address the queries raised. Therefore the issues still stand.

Verification of IVS Sites

The following were still outstanding:

- Quarterly progress and financial reports were not presented to the Project Management Unit by the IVS service providers as stated in the signed MOU between the PMU and the service providers;
- During the physical verification, the auditors observed that one inland valley swamp site (Bumba, in Bombali district) did not exist. The Bumba IVS site was abandoned by the service provider, DESERET – Women;

- The audit team also noted that 23 IVS sites were relocated by the service providers without seeking prior approval from SCP-GAFSP PMU;
- The auditors noted that thirty-nine of the IVS sites were developed instead of rehabilitated as specified in the MoA;
- Identification boards were not installed at all the SCP-GAFSP IVS sites and some IVS sites were located close to ASREP sites and other project sites;
- The February-April 2013 technical supervision report presented by the MAFFS's Agricultural Engineering Division was not certified by the Rural Infrastructure and Irrigation Officer of the SCP GAFSP;
- The progress of work in twenty-seven IVS sites was below forty percent, even though payments had been disbursed for forty percent of work done by the SCP-GAFSP to the respective service providers;
- The audit team could not ascertain the quality of work done on the different IVS sites because the swamps were bushy and some structures were broken whilst some were not constructed;
- The team observed large portions of uncultivated swamps because seed rice was not supplied by the SCP-GAFSP to the farmers.
- Interviews conducted with service providers confirmed that none of them received fertilisers from SCP-GAFSP;
- Interviews conducted with service providers confirmed that only two service providers received seed rice. However, both of them complained that the seed rice supplied was not good for planting purpose.

The following were recommended:

- The PMU should ensure that all service providers comply with the terms of the contracts signed;
- The PMU should ensure that identification boards are erected in all IVS sites stating the name of the service provider, location of the sites and the name of the PMU unit;
- The Project should design and implement monitoring and control mechanisms to ensure that suppliers fully comply with the terms of the contract agreements and intended beneficiaries receive the accurate and complete amount of farm inputs to be distributed;
- The PMU should ensure that before IVS sites are relocated, appropriate approval is sought from the SCP-GAFSP PMU.

Official's Response

The project manager stated that quarterly progress and financial reports were not presented to the PMU by the IVS service providers. He added that Bumba was among the sites that were relocated due to lack of cooperation by community members and it was accepted that although the IRO and then PM gave verbal approval, no documentation was proffered and the MOA was not amended. He further said that in future before IVS sites were relocated, appropriate documentations should be put in place and PMU will ensure cost differential between IVS slated for rehabilitation and that for development. He stressed that sign posts will be erected immediately and in future GAFSP will ensure that it does not operate in communities where other projects of similar intervention are. He noted that reports were not certified and payments were made in proportion to total area target allocated to each Service Provider and not by IVS site. He also mentioned that the deplorable status of some IVS sites was due to suspension of work since June 2013 as a result of non-payment of 3rd tranche and fertilizers were still in MAFFS store and will be distributed this season. He concluded by stating that there was not enough seed rice so SPs were requested to augment on cost recovery.

Auditor's Comment

Management's response was noted. However there were no evidences of action taken to address the issues raised.

Verification of Farm Tools

Power tillers and accessories, irrigation system and accessories and chained power saws were not distributed to the service providers even though they were bought and had been delivered to the SCP-GAFSP PMU. The tools were stored at the various MAFFS district offices except for Port Loko district which had theirs. The chained power saws were kept in a store at SCP-GAFSP office in Freetown. Some of the power tillers and irrigation systems stored at the various district offices had started depreciating as there was evidence of rust on the equipment. Furthermore power tillers and accessories meant for Port Loko district were distributed to people who were not the intended beneficiaries. It was recommended that the PMU should develop and implement control mechanisms to ensure that appropriate IVS sites were identified for rehabilitation and whenever there was the need for sites to be relocated, the appropriate authority should be sought from SCP-GAFSP. The PMU should also develop and implement monitoring systems to ensure that all equipment and farms tools were delivered and used by their intended beneficiaries. The unit should also provide explanation why power tillers and accessories intended for Port Loko district were distributed to ineligible parties.

Official's Response

The project manager stated that some of the power tillers and irrigation equipment were rusty because of lack of usage but were in perfect working order and depreciation could not be attributed to them at that point in time. He added that all power tillers and accessories were in the custody of the respective MAFFS district offices.

Auditor's Comment

Management's response was noted. However, the issues still stand.

Counterpart Funding

In 2012, allocations were only received for the first and second quarters. No allocation was received for the entire 2013 period. The total amount received in 2012 was Le118,000,000, whilst Le200,000,000 and Le196,000,000 were budgeted by the Government of Sierra Leone (GoSL) for the 2012 and 2013 periods respectively. During the review of the bank deposits, several deposits to the tune of Le41,060,000 were made to a counterpart account. These deposits were not made by the Government of Sierra Leone (GoSL). No explanations were given by the PMU unit and officials of MAFFS regarding the reasons and source of the deposits. Enquiry and inspection of documents proved that, signatories to the counterpart account were changed in November 2011. The initial signatories to this account were the project coordinator and the PS of the ministry as 'A' signatories, and the Financial Controller of the National Project Coordinating Unit and the Chief Accountant of MAFFS as 'B' signatories. The management of the account was transferred to the Project Implementation Unit (PMU) under the custody of the project manager and the Financial Controller as signatories. However, supporting documents relating to the counterpart account/fund had not been transferred to the PMU. The second quarter returns that were to be sent to MOFED were not provided for audit inspection. GoSL contributions were in most instances delayed to meet planned activities, and in 2013, nothing was allocated to the project as stated in the financing agreement. It

was recommended that the GoSL should ensure that it regularly contributes to the counterpart fund as per the signed financing agreement with IFAD. In addition, all necessary supporting documents in relation to the operation of the counterpart fund should be transferred to the PMU. The Project should also provide explanation for several deposits made to the counterpart account amounting to Le41,060,000.

Official's Response

The project manager stated in his response that:

Le118,000,000 was received as counterpart funding from GoSL for the first and second quarters of 2012 out of the budgeted allocation of Le200,000,000 and the funding was provided by MoFED;

No written explanation was provided for the variance by MoFED but during the budget planning meeting organised in Port Loko by MoFED, it was verbally explained that counterpart funding was provided based on the revenue raised by government;

Le 41,060,000 was deposited by the DAO, Bombali, as proceeded from the sale of SCP-GAFSP fertilisers supplied to the district for sale to the FBOs with paying slips are available for inspection;

It was a policy that the SCP-GAFSP fertiliser should be sold to FBO members at a subsidised rate and proceeds paid to the counterpart account since there was no appropriate account that was identified for the purpose;

All supporting documents relating to the counterpart account were ready for handing over but MAFFS was waiting for the audit of the account before handing over and as the audit had now been conducted, MAFFS will hand over the documents to the SCP-GAFSP PMU;

The second quarter returns sent to MoFED were available for verification;

Allocation was made to the tune of Le200,000,000 for 2013 with all PET forms duly filled, signed and submitted to MAFFS Finance for approval and onward transmission to MoFED for payment, although the 1st quarter allocation for 2013 (Le100,000,000) was received in March 2014.

Auditor's Comment

Management's response was noted. However there were no evidences of action taken to address the issues raised.

Implementation Of Cashew Rehabilitation And Establishment Of New Trees In Kambia And Port Loko Districts

The following were observed:

- There was no evidence indicating that the procurement process was followed for the selection of the service provider for the above projects, valued at Le420,315,000;
- The PMU procurement officer was not involved in the procurement process for the selection of the service provider;
- The basis for the determination of the cost of the rehabilitation was not stated;
- The technical certification that must be produced before any payment is made to the service provider in order to justify the work done, was not submitted for audit verification;
- Quarterly progress reports were not submitted for audit verification;
- There was no evidence that the Monitoring and Evaluation officer visited the sites during the rehabilitation and establishment of new trees.

It was therefore recommended that the project should comply with all relevant procurement laws and regulations in its procurement activities. In addition, regular visits should be made by the

Monitoring and Evaluation Officer to the sites to assess the correct status of the work being undertaken and issues raised should be properly documented in the form of a report. The Procurement Officer should always be involved in every stage of the procurement process.

Official's Response

The project manager stated that the GAFSP second supervision mission recommended PMU to pilot the cashew tree crop development. He said that a 'No Objection' sole sourcing was sought since it was a pilot and the document was available. He added that the MoA was signed only by PM and Cotton Tree Foundation and a request was raised by the institutional development officer without verification/ certification and approval of payment by PM.

Auditor's Comment

Management's response was noted. However there were no evidences of action taken to address the issues raised.

Refer to the Table Of Common Issues (Page 211) for further observations.

6.31. ARTISANAL MINING PROJECT, (16 MONTH PERIOD ENDED 31ST DECEMBER, 2012)

Computerised Accounting Software

In accordance with the Project Operations Manual page 41 Chapter 9.4, it states that the financial management system would be on a computerised accounting system to ensure accurate processing and reporting of the use of funds. However, that was not in place during the course of the audit assignment. It was recommended that appropriate accounting software should be procured and installed and every staff involved in the financial management of the project should be given comprehensive training.

Official's Response

The Project Coordinator stated that though it was a requirement in the operations manual, that was not budgeted for. He however mentioned that it would be given fairest consideration in any future implementation plans.

Chart of Account

There was no chart of account developed for the project that would guide the entity on the respective accounting heads where expenditure would be categorised in accordance with the descriptions. It was recommended that there must be a chart of account developed for the project, which must be in compliance with the project operation manual and in consonant with the finance or fund agreement.

Official's Response

The Project Coordinator stated that that would be given consideration in any future process. The chart of account was however not provided in the current implementation process.

Document Filing System / Numbering

The filing system for the LaD project posed a little bit of problem to the audit team. Documents were not easy to retrieve and to establish the substantive evidence of legitimate transaction for the project. It was recommended that good and ideal filing system should be adopted for filing documents of different transactions. Disbursement vouchers, statement of expenditure, payment

vouchers and every other supporting document must be filed chronologically or otherwise, but in a manner that was most convenient for any other party outside the project team, with reference number boldly written on them.

Official's Response

The Project Coordinator stated that the current documentation system had worked well with project staff and to render it understandable and user-friendly with future auditors, he said that the documentation would be reviewed.

CHAPTER 7
CITY, MUNICIPAL AND DISTRICT COUNCILS

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7.1. CITY, MUNICIPAL AND DISTRICT COUNCILS

Main Points

What we did

The principal objective of these audits was to express an opinion on whether the financial statements of local councils gave a true and fair view of the state of affairs of the Council and whether they are prepared in accordance with the acceptable accounting framework and other relevant legislation. Risk based, the audits covered the period 1st January to 31st December 2013. They focused on the transfer of local government grants and other grants made to the Councils in respect of operations and for devolved functions. They also covered the general processing of payment vouchers, revenue and receipt, disbursement, cash and bank, payroll, fixed assets, budgets, stores, procurement and compliance with the Local Government Act, 2004 and other applicable regulations. Conducted in accordance with ISSAI standards, the audit test procedures included the examination of Councils' records, their control environment, control procedures, statutory disclosures and other requirements. The auditors also conducted interviews with key personnel.

Why it is important

Under its decentralisation program the Government of Sierra Leone funds many of the activities of local councils from central revenues held in the Consolidated Fund. Obtaining an audit level of assurance on the governance of local councils, accounting and reporting as well as the level of internal control exercised over expenditure of these funds is a matter of profound public interest. Many aspects of key services delivered to the public such as health and education are funded through the Councils and so the level of financial control exerted has a direct impact on the quality of service delivered. The extent to which there is evidence of legal compliance with statutory obligations, strong internal control and the employment of good business practices generally also inform our view on the quality of overall governance evident in public financial management.

What we found

The Financial Statements for eighteen Councils were submitted for audit before, or shortly after, the legislative deadline of 31st March 2013.

The audits of the operations of the local councils indicated that the financial management of the Councils needed to be improved with a clear focus on basic principles of internal control and proper records management. Significant matters identified in the audit examinations across all Local Councils fall into the following categories:

- Inadequate Budgetary Process;
- Reporting and Presentation of Financial Information;
- Breaches of Procurement Act and Regulations;
- Expenditure not supported by relevant documentary evidence;
- No guidelines for the payment of councillors' sitting fees and other allowances;
- Statutory deductions not paid over to the relevant Authorities;
- Inadequate control over the collection, recording and reporting of financial transactions;
- Set targets of the Performance Management Contract not met;
- Internal Control Environment;
- IT Control Environment;

- Poor performance in the council's accounting and financial management systems compared to 2012;
- Control weaknesses in the reporting and presentation of financial information in the Financial Statements;
- Poor budgetary performance as well as inadequate collection and monitoring of own source revenue;
- Inadequate control over cash and bank management;
- Non-compliance with public financial management laws and regulations;
- Payments without supporting documents; and
- Outstanding issues in 2012 Reports.

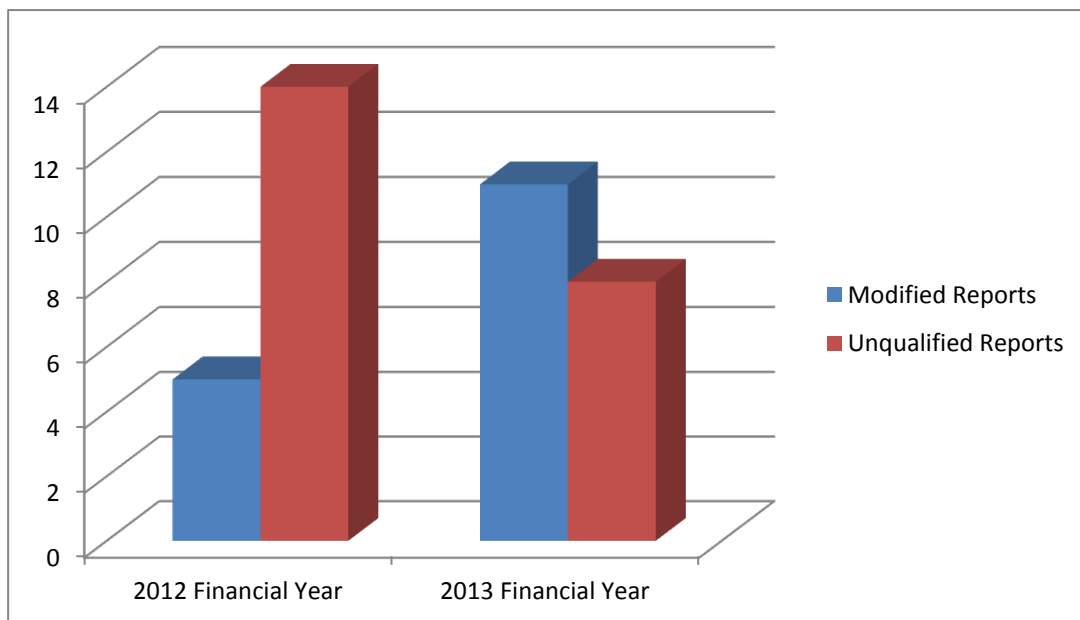
These observations are expanded upon detail below and in even greater detail in the individual councils' reports submitted to the Minister of Local Government and Rural Development.

7.2. EVALUATING PERFORMANCE OF COUNCILS

Unqualified or Modified Audit Opinions

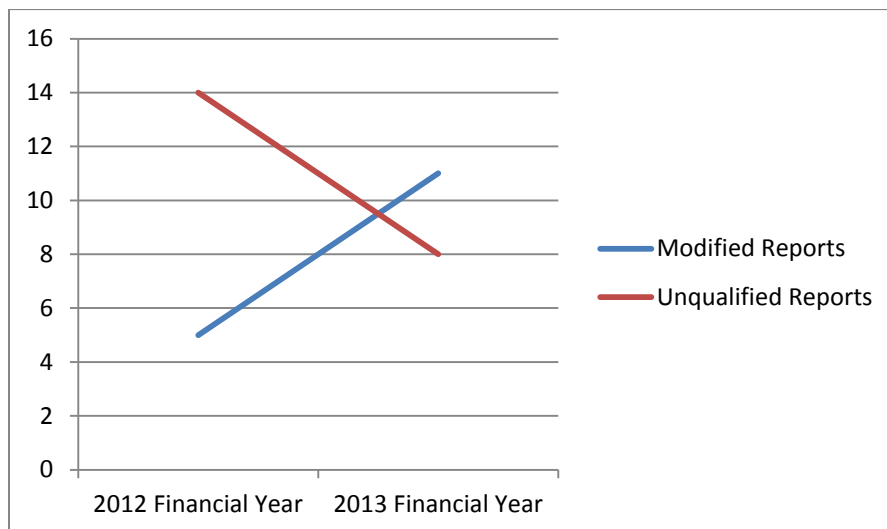
Much of the reports are dedicated to placing the councils into two categories: "unqualified" and "modified." An auditor's opinion on the accounts of a council is "unqualified" when it produces satisfactory financial statements and adheres to the appropriate accounting standards. "Modified" means, in short, that a council is in some respect unsatisfactory in its accounting and financial presentation and management. There are three types of modified opinions: Qualified, Adverse and Disclaimer.

This year, the results are far worse than last year. In 2012, of the 18 local councils audited, 5 of them were deemed to be qualified or unsatisfactory.



In 2013, that number rose drastically: of the 18 councils audited, 10 were modified. (See Figure 10.2, displaying the drop in satisfactory councils and the rise of unsatisfactory ones). That is an increase from 26.3% unsatisfactory councils in 2012 to 52.6% in 2013!

Figure 7.2: Drop in satisfactory councils and the rise of unsatisfactory ones



7.3. REPORTING AND PRESENTATION OF FINANCIAL INFORMATION

Basis of Accounting

The local councils prepared their financial statements in accordance with the Local Government Act, 2004 and its underlying financial regulations. These financial statements were prepared in compliance with the International Public Sector Accounting Standards (IPSAS) Cash Basis adopted by the Government of Sierra Leone for all local councils in Sierra Leone in 2012.

Control weaknesses were observed in the reporting and presentation of financial information in the financial statements. Details are given in paragraphs on affected councils below.

In addition, attention has also been drawn to matters that are ancillary to the responsibilities of the Auditor General in the audit of the financial statements of local councils. For users to fully understand the audit findings, it is necessary to communicate them even though they are not directly related to matters presented or disclosed in the councils' financial statements. Many of these matters boarder on issues of economy, effectiveness and efficiency.

Bo City Council

Misstatement of Revenue in the Financial Statements

Statement 1 of the council's financial statements disclosed tax and non-tax revenue for the period under review. Tax revenue reported was understated by Le48 million, while non-tax revenue was overstated by Le67 million.

Bo District Council

Inconsistencies in Reporting and Presentation of Financial Information

- Cash and bank balances as at 31st December 2013, reported in the statement of financial assets and liabilities was greater than the cash and cash equivalents reported in the statement of cash receipts and payments of the same financial statements by Le1.5 billion.
- Grants received from the central government in respect of administration were understated in the financial statements by Le53.8 million.
- The net cash flow reported in the Chief Administrator's statement to the accounts, is greater than the net cash flow recorded in statement No. 1 by Le619.6 million.

Inaccurate Recognition of 2012 Balances in 2013

The closing balances in 2012 were incorrectly disclosed as comparative figures in the 2013 financial statements. This resulted in an understatement of total receipts and cash and cash equivalents of Le1.2 billion and Le1.1 billion respectively and the total payments understated by Le389 million.

Development Projects not Disclosed in the Financial Statements

Development projects undertaken during the reviewed period, on which total payments amounted to Le1.4 billion, were not disclosed in 'Statement 10' (Statement of Fixed Assets Acquired during the Period) of the financial statements.

Ineffective Monitoring and Evaluation of Projects

Works contracts which amounted to Le341.5 million implemented by the council during the period under review were without monitoring and evaluation reports to justify the effective implementation of these projects.

Incomplete Contracts

A number of council construction projects have not yet been completed even though full payments have been made for these projects. They are:

- rehabilitation and construction of community health centre and four incinerators for Le82.1 million at Kpetewoma and Negbema;
- rehabilitation of two schools (Christian is the Answer Primary School and BDEC Primary School) at Kigbai-Kakua Chiefdom and Sunga Tikonko Chiefdom for Le66.5 million and Le81million respectively. The works were sub-standard and incomplete; and
- rehabilitation of health centre for Le246.2 million at Jembeh. This project appears to have been abandoned.

Payments for Which Defect Liability Certificates Were not Submitted

An examination of the payment vouchers submitted for audit revealed that retention fees of Le19.7 million were paid, for which defect liability certificates were not submitted to the audit team for review. This may lead to the loss of public funds in case there is defect within the defect liability period.

Review of External Assistance Received

- (i) A review of external assistance received by the council revealed that project contractual terms were not fully met. On 5th May 2012, the Bo District Council (BDC) entered into a contract

agreement with the European Union (EU) for the provision of sustainable health service delivery in Bo District for a contracted sum of €388,923.60. The EU was expected to contribute 90% (€350,031.24) and the BDC & District Health Management Team (DHMT) the balance 10% (€38,892.36) respectively. There was no evidence that the 10% contribution (€38,892.36) was paid by BDC into the project's account.

- (ii) Project funds were not properly accounted for by project officials. In most instances, the relevant documentary evidence was not made available to justify expenses which amounted to Le 204.5 million.
- (iii) A review of the payment process and verification of selected project sites and goods supplied was carried out by the audit team. The following were observed:
 - There were irregularities in the payment process for most of the named suppliers/contractors. Instead, payments were made by cash rather than cheques or through bank transfers, to alleged suppliers/contractors. The amounts involved were €84,848.50 and Le 5.4 million respectively;
 - On the procurement of one unpacked vehicle truck, information gathered on the business documents (business registration certificate, NASSIT clearance), etc. revealed that this was a new business with no prior knowledge or experience in the procurement of vehicles. There was no bill of lading to verify the origin of the vehicle as specified in the contract documents (the vehicle was supposed to be manufactured in the UK or Holland); and
 - Several construction/rehabilitation tasks alleged to have been carried out from the project fund were either not properly done or not done at all.

Bonthe District Council

Monitoring and Evaluation (M&E) Reports not Submitted

Progress reports issued by council's Monitoring and Evaluation (M&E) Officer, were not submitted for inspection to justify payments for the rehabilitation of the Chief Administrator's quarters which cost Le20.2 million. The procurement process may not be transparent, thus leading to the council not achieving maximum value for public expenditures.

Bonthe Municipal Council

Inconsistency in the Recognition of Cash and Bank Balances

A difference of Le303 million was noted between the 'cash and cash equivalents as 31st December 2013' reported in statement 1 (statement of cash receipts and payments) and 'total cash and bank balances as at 31st December 2013' disclosed in statement 4 (statement of financial assets and liabilities) of the financial statements.

Incomplete Recognition of Revenue and Expenditure

The amounts recognised for revenue and expenditure were understated in the financial statements. This was evidenced by the fact that:

- the sum of Le126 million in respect of grants received from central government was not recognised in the financial statements; and
- a difference of Le188 million was noted between the supporting schedules for expenditure and the amount recognised in the financial statements.

Misstatement of Revenue in the Financial Statements

Own-source revenue reported in the financial statements was overstated by Le11 million, which accounted for 52.4% of the total revenue reported. This could mislead the users of the financial statements.

Inaccurate Disclosure of 2012 Comparative Figures in the 2013 Financial Statements

The 2012 comparative figures in respect of total receipts, 'cash and cash equivalents' and total payments were incorrectly disclosed in the 2013 financial statements, which resulted in a net difference of Le402 million, Le59 million and Le14 million respectively.

Inadequate Budgetary Control Process

A review of the budget and budgetary control procedures revealed that the actual basic salaries for the period exceeded the budgeted amount by Le67 million. No explanation or supporting documentation was provided to justify the excess in expenditure.

Freetown City Council**Controls Over Accounting for Property Tax**

I observed that the council maintained manual records of properties within the municipality. These registers had to be updated every two years; requiring the officers at the Rates Department to painstakingly enter the details of 50,738 properties into the various property rate registers. The process itself is tedious and likely prone to error. In the same vein, without a cadastre database of property owners to facilitate the work of the rates department, the printing of demand notes was extremely difficult. Thus, the issuance of demand notes for 2013 to property owners only started in March 2013.

This apparently reduced the amount collected from property rates, thus limiting the amount of funds available to the council to meet its commitment of providing quality service delivery to the populace.

Notwithstanding the above, as at 31st December 2013, the council had quite a large number of unrepresented cheques. For instance, cheques which totalled Le417.9 million were issued by the council from the property rate account held at Rokel Commercial Bank whilst its bank balance was only Le13.8 million. These cheques when presented to the bank resulted in the council being charged for issuing cheques without having sufficient funds to meet their obligations.

Unallocated Transfers

In the absence of transfer correspondences from Local Government Finance Department (LGFD) and confirmation from the council's finance unit, it was not possible to determine the sectors that were to benefit from transfers made to the council which totalled Le565.1 million.

Loan Facility

A loan of Le6.3 billion was disclosed in the financial statements for the year ended 31st December, 2013. This represents an increase of approximately 50% from 2012. The schedule indicating the bank(s) with which the council was indebted to was not submitted for review. It was therefore difficult to confirm whether additional loans were not contracted.

Payment to Staff on Contract Without Any Formal Agreement

Payments of Le604 million were made to three staff for which there were no signed contract agreements between the council and the personnel in question. This creates room for the employment of staff without adhering to the prerequisites as set out in the human resource guideline; thus increasing council's payroll cost unnecessarily.

Kailahun District Council

Inadequate Control of the Reporting and Presentation of Financial Information

A comparison of closing balances as at 2012 and opening balances as at 2013 revealed overstatement of Le295.4 million and understatement of Le254.2 million.

Kambia District Council

Inconsistency Between the Financial Statements and the Notes to the Accounts

The notes of explanations and elaboration were not consistent and did not agree with the balances recognised in the core and additional financial statements.

Inconsistency Between the Report of the Chief Administrator and the Financial Statements

The total receipts and payments stated in the Chief Administrator's report of Le3.7 billion and Le3.0 billion respectively, differ from the amounts recognised in statement 1 and statement 3 of the financial statements of Le4.8 billion and Le5.2 billion by Le1.1 billion and Le2.2 billion respectively. This inconsistency could mislead users of the financial statements.

Kono District Council

Inadequate Control of the Reporting and Presentation of Financial Information

- The total revenue generated by the council for the financial year 2013 (own source, donor & government funds) as per general ledger differs from the amount disclosed in the financial statements by Le1.7 billion.
- The total expenditure incurred by the council for the financial year 2013 as per general ledger differs from the amount disclosed in the financial statements by Le2.7 billion.

Moyamba District Council

Inconsistencies in Reporting and Presentation of Financial Information

The area of 'total payments' as per statement 1 (statement of receipts and payments) was greater than the total cash outflow as per statement 2 (statement of comparison of budget and actual amounts) by Le377.1 million of the same financial statements.

In addition, the 2012 prior year comparative figures in the 2013 financial statements were understated for 'total receipts' and 'cash and cash equivalents' and overstated for 'total payments' as shown in the table 7.1 below:

Details	2012 Audited Financial Statements Figures (Le)	2013 Financial Statements Comparative Figures (Le)	Difference (Le)
Total Receipts	6,253,907,293	2,874,092,979	3,374,410,564
Total Payments	3,398,082,452	3,585,768,818	(187,686,366)
Cash & Cash Equivalents as at 31 st December, 2012	557,736,824	-	557,736,824

Inaccurate Recognition of Opening Balances

The balances as at 31st December 2012 in respect of nine bank accounts were incorrectly recognised in the 2013 financial statements, which resulted in an understatement of Le175.6 million and an overstatement of Le141.6 million of cash balances included in the financial statements.

Pujehun District Council

Inconsistencies in Reporting and Presentation of Financial Information

- Statements 1 and 2 of the financial statements disclose total payment and total cash outflows. The total payment reported in statement 1 is less than the total cash outflow disclosed in statement 2 by Le43.8 million.
- Cash and cash balances as at 31st December, 2013, reported in statement No. 4 (Statement of Financial Assets and Liabilities) is greater than the cash and cash equivalents reported in statement no. 1 (Statement of Cash Receipts and Payments) of the same financial statements by Le848.5 million. In addition, the 2012 audited financial statements figures that were reported in the 2013 financial statements as comparative figures were understated as shown in the table below:

Table 7.2			
Details	2012 Audited Financial Statements figures (Le)	2013 Financial Statements Comparative figures (Le)	Difference (Le)
Total Receipts	3,030,602,684	2,706,804,908	323,797,776
Total Payments	3,512,050,398	3,465,160,193	46,890,205
Cash & Cash Equivalents	92,758,591	-758,355,285	851,113,876

Disclosures not Made in the Financial Statements

Statement 17 (Statement of Fixed Assets acquired during the year ended 31st December 2013) of the financial statements disclosed fixed assets acquired during the year. Fixed assets acquired during the year which amounted to Le7 million were not disclosed in statement 17 of the financial statements.

Western Area Rural District Council

Misclassification of Expenditure Details

Expenditures which totalled Le757 million were not classified under the correct expenditure head. As a result, statement 7 and supporting notes were materially misstated.

Inconsistencies in the Reporting of Actual Payment Transactions

Differences were observed between total payment in statement 1 (statement of cash receipt and payment), and total cash outflow in statement 2 (statement of comparison of budgets and actual), by Le131 million. Management could not adequately explain the reason for this difference.

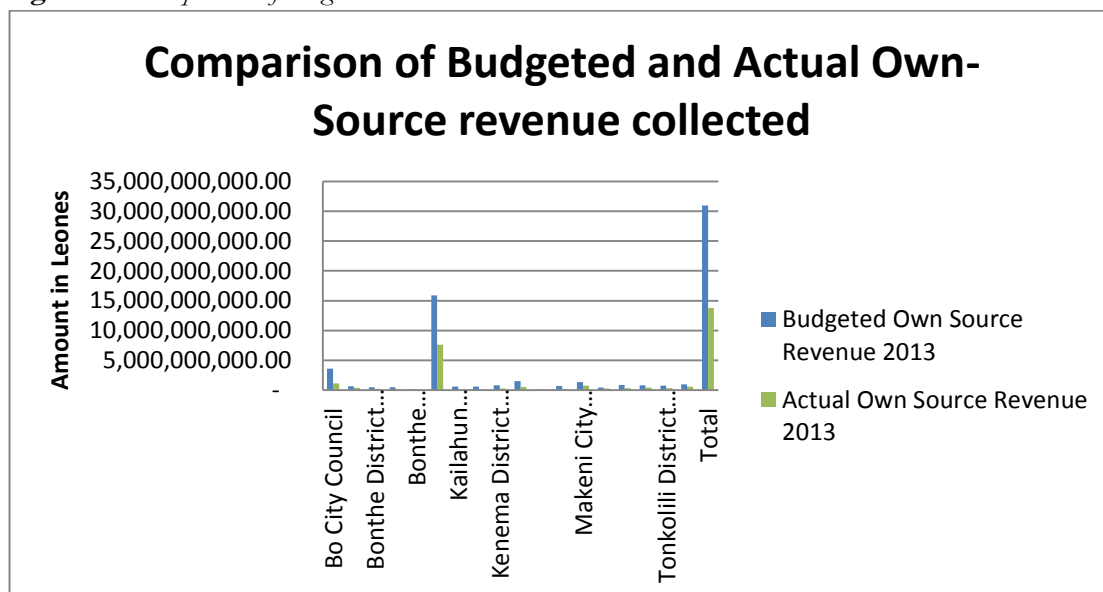
Own-Source Revenue Generation

Poor Budgetary Performance in Own-Source Revenue Generation

Budget performance is increasingly becoming a significant concern for local councils as a basis of executing their resource allocation mandate and ensuring effective service delivery at the grassroots level. Therefore, managing performance to achieve desired results is a responsibility which councils take very seriously.

Statements 2 of the financial statements disclose the amount of own-source revenue generated by the councils. At 31st December 2013, the total amount of own-source revenue generated was Le13.8 billion, compared to the budgeted amount of Le30.9 billion in the same financial year. The drop in the generation of own-source revenue is extremely large and is equivalent to 55.50%.

Figure 7.3 Comparison of budgeted and actual own-source revenue collected



Your Local Councils Need You

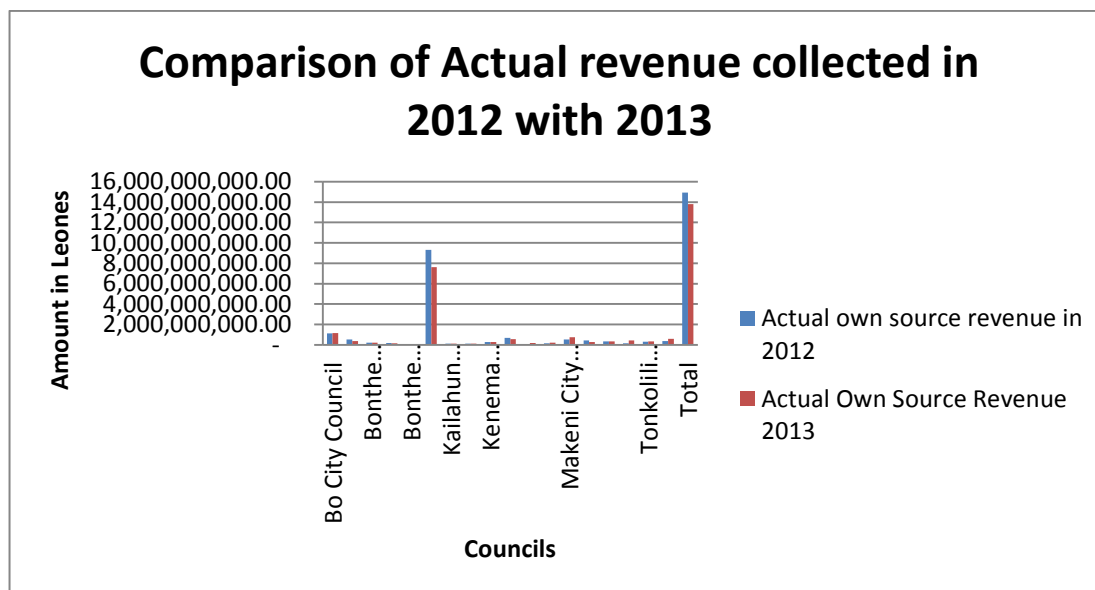
Cleaning up the local councils is a challenge, and pressure from the Auditor General is clearly not enough. The government needs your help in improving accountability and transparency. By law, councils are required to post their budgets and expenditures to ensure public monitoring. Run to your local council office today and tell them you want them to do so!

Such shortfall implied that the own source revenue base of councils has diminished, rendering councils heavily dependent on central government disbursements, mainly through conditional grants, and hence undermining its power, authority and independence to make local decisions that serve the interests of the people.

Inadequate Collection and Monitoring of Own-Source Revenue

An overview of collection of own-source revenue revealed a reduction in the revenue collected in 2013 as compared to 2012. Total own-source revenue fell by 7.55% from Le14.9 billion in 2012 to Le13.9 billion in 2013.

Figure 7.4- Comparison of actual own-source revenues collected in 2012 & 2013



Such a decrease in own source revenue may negatively affect service delivery and cast serious doubt on the continuity and sustainability of services delivered by the council. The councils should ensure there is reliable monitoring mechanism for the collection of revenue. They should also ensure that there is a structured sensitisation on the importance of paying taxes, and the proper assessment of the council's revenue collection process.

Own-Source Revenue not Brought to Account

A growing epidemic in councils is failing to account for own-source revenue- in this case; your tax money never reaches the right place. This phenomenon was led by 5 councils. A significant amount of own-source revenue generated in 2013 was neither deposited into the council's bank account nor recognised in the financial statements. In 2013, revenue which totalled Le694.7 million was collected but not brought to account by these councils. There is great likelihood of outright theft of council's revenues; thereby depriving the council of meeting its developmental programmes.

Where Your Tax Money Really Goes?

A significant amount of own-source revenue generated in 2013 was neither deposited into the council's bank account nor recognised in the financial statements.

Table 7.3 *Own-source revenue not brought to account*

TABLE 7.3	
Own-source revenue not brought to account	
Name of Council	Total Le
Freetown City Council	174,479,500
Kambia District Council	225,050,250
Koidu New Sembehun City Council	57,722,645
Koinadugu District Council	79,922,453
Pujehun District Council	8,000,000
Western Area Rural District Council	149,500,000
TOTAL	694,674,848

7.4. CASH AND BANK MANAGEMENT

Sufficient appropriate audit evidence was not obtained to confirm that bank balances disclosed in the financial statements were free from material misstatement, as a result of the following:

Bo District Council

The bank reconciliation statements prepared for a sample of six accounts were inaccurate. The bank balances shown in the year end reconciliation statements were different from the closing balances shown in the bank statements in respect of those accounts.

Bonthe Municipal Council

- Cashbooks for all accounts and bank statements in respect of seven accounts maintained by the council, were not made available for audit inspection. Consequently, we were unable to confirm that all the deposits and withdrawals made by the council were accurately and completely recorded in the relevant books of accounts.
- Bank reconciliations which help to identify discrepancies between the balances recorded in the cashbook and those entered in the records held by the bank were not performed for all the accounts held by the council for the financial year under review.

Kailahun District Council

- Own-source revenues collected were not banked the day after collection or at the earliest opportunity.
- Reconciliation of own-source revenue collected as per receipt books and bank pay-in-slips/bank statements were not done.

Kambia District Council

Bank reconciliations which help to identify discrepancies between the balances recorded in the cash book and those entered in the records held by the bank were not accurately and completely carried out for most of the accounts held by the council for the financial year under review. Consequently, we were unable to confirm this key control which would provide assurance that all the deposits and withdrawals made by the council were accurately and completely recorded in the relevant books of accounts.

Koinadugu District Council

- Bank reconciliations which help to identify discrepancies between the balances recorded in the cashbook and those entered in the bank records were not performed for all the accounts held by the council for the financial year under review. Consequently, we were unable to confirm this key control which would provide assurance that all the deposits and withdrawals made by the council were accurately and completely recorded in the relevant books of accounts.
- The accuracy of cash and bank balances recognised in the financial statements in the sum of Le1 billion at 31st December 2013, could not be verified as accurate and complete as bank confirmations in respect of those balances were not received from the banks

Moyamba District Council

A total of five accounts operated by the council in the reviewed period, were not disclosed in the financial statements. These are UNCDF Project, MDC Development Fund, MDC Budget Oversight Committee, MDC ENCISS Grant and MDC SLRA.

7.5. NON-COMPLIANCE WITH PUBLIC FINANCIAL MANAGEMENT LAWS AND REGULATIONS

The Local Government Act 2004 (LGA 2004)

i. Submission of Financial Statements

Section 81(1) of the Local Government Act requires that every local council shall keep proper books of accounts and proper records in relation to the accounts and shall, within the first quarter of the next financial year, prepare a statement of its final accounts in conformity with existing financial regulations.

Section 81 (2) of the Act also requires that the accounts and financial statements of a local council shall be audited by the Auditor General or an auditor appointed by him within six months after the close of the financial year, and the council shall provide the auditors with all the necessary and appropriate facilities for the examination of the accounts and statements of the council.

These requirements were not met by the Kenema City Council as the financial statements were submitted three months after the statutory deadline of 31st March 2014.

ii. Councillors Sitting Fees and Allowances

Despite recommendations made in my previous reports, the councils still continue to pay sitting fees and allowances to councillors without guidelines. Payments amounted to Le2.3 billion were again made to Councillors as sitting fees and allowances during 2013. Section 30(2) of the Local Government Act 2004 requires that the Ministry of Local Government and Rural Development, in consultation with the Ministry of Finance and Economic Development, issue guidelines to councils with regard to the payment of any allowance or remuneration. To date, no such guidelines have been issued.

In similar vein, during the year to 31st December 2013, the sum of Le138.2 million was paid as sitting fees and other allowances to councilors who were absent from the meeting to which the payments related.

Table 7.4 No guidelines for the payment of councillor sitting fees and other allowances		
Name of Council	Payment without Guidelines	Payment to Absentee Councillors
Bo City Council	55,213,000	-
Bo District Council	115,485,030	23,596,250
Bonthe District Council	81,900,000	-
Bombali District Council	233,399,688	4,200,000
Bonthe Municipal Council	32,843,450	8,000,000
Freetown City Council	553,004,380	-
Kailahun District Council	31,666,875	-
Kambia District Council	108,030,000	5,901,875
Kenema District Council	159,683,750	13,345,625.00
Koidu New Sembehun City Council	68,645,502	-
Koinadugu District Council	104,302,500	1,978,125
Kono District Council	74,418,750	9,736,719
Makeni City Council	57,682,500	3,601,570
Moyamba District Council	151,292,476	3,416,875
Port Loko District Council	207,341,250	37,933,125
Pujehun District Council	121,059,375	2,485,000
Tonkolili District Council	119,212,500	24,001,200
Western Area Rural District Council	76,244,920	-
Total	2,251,113,569	138,196,364

The Public Procurement Act 2004

i. Three Requests for Quotations

Section 45(1) of the Public Procurement Act 2004 requires that the councils request quotations from at least three potential suppliers before ordering goods, works or services. Before ordering goods and services valued at Le1.3 billion in 2013 this requirement was not met by the councils. As well as breaching the legislation, this action may have resulted in the council not achieving maximum value for money.

Table 7.5-Lack of three Requests For Quotations(RFQ)	
Name of Council	Amount Le
Bonthe District Council	20,000,000
Bonthe Municipal Council	489,000,000
Kailahun District Council	260,040,202
Koidu New Sembehun City Council	195,181,685
Koinadugu District Council	301,623,694
Pujehun District Council	19,427,500
Western Area Rural District Council	57,802,000
Total	1,343,075,081

ii. *National Competitive Bidding*

Western Area Rural District Council

Procurement in relation to diet and cleaning of the Lakka hospital for the sum of Le730 million were without the signed bidders documents. Section 38 of the Public Procurement Act 2004 requires that the Council should undertake open competitive bidding when ordering goods, works or services. Failure to adhere to this legislation may result in the procurement not being competitive and transparent and could result in the council not achieving maximum value for money.

Makeni City Council

Services in respect of the maintenance of vehicles were procured by the council on the 26th of February 2013, for the sum of Le80.5 million without the use of the National Competitive Bidding (NCB) method. Under the first schedule of the Public Procurement Act 2004, the council is required to employ the National Competitive Bidding method for the procurement of services less than Le300 million. Failure to adhere to this legislation may result in the council not achieving maximum value for public expenditure.

Freetown City Council

It was observed that the procurement of twenty-one (21) split unit air conditioners (ACs) which cost Le105.1 million was divided into two separate procurements of Le51.9 million and Le53.3 million for 9 and 12 ACs respectively by the council; thereby evading the threshold for national competitive bidding. It is apparent that the council overrides internal controls, thereby making way for the possible waste of resources and increasing the risk of fraud.

The Financial Management Regulations, 2007

Sections 40 (1) of the Financial Management Regulations, 2007 states that “The vote controller is personally responsible for ensuring that adequate safeguards exist and are applied for the assessment, collection of and accounting for such revenues and other public moneys relating to their departments or offices”. This requirement was not met by:

- i. The Koidu New Sembehun City Council during 2013, as own source revenue recorded were understated by Le25.3 million.
- ii. The Kono District Council during 2013. A comparison of own source revenue collected and recorded as per general ledger (PETRA) accounting software and the figures presented in the financial statements showed some revenue accounts overstated by a total of Le30.7 million and some accounts understated by a total of Le13.6 million.

The Income Tax Act 2000

During the audits of councils conducted during 2013, it was identified that withholding taxes of Le84.67 million were not deducted and paid to NRA as specified by section 117(4) of the Income Tax Act, 2000. All heads of councils should ensure that withholding tax is deducted properly and paid to NRA. The amounts identified during the audits should be recovered and paid to NRA. Evidence of payment should be forwarded to the ASSL for verification, and the Commissioner of Income Tax should take the necessary action. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue and, ultimately, reduces the level and quality of public services received by citizens.

Table 7.6- *Withholding taxes not paid over to the relevant authority*, identifies councils and provides values for the statutory deductions.

Table 7.6- Withholding taxes not paid over to the relevant authority	
Name of Council	Amount Le
Bombali District Council	17,079,801
Freetown City Council	37,459,663
Kambia District Council	18,246,974
Moyamba District Council	2,524,938
Western Area District Council	9,362,940
Total	84,674,316

7.6. PAYMENTS WITHOUT RELEVANT DOCUMENTARY EVIDENCE

With proper accounting, it is necessary to retain records of all payments made along with certain documentary evidence so that the appropriate use of that money can be verified. Payments (excluding wages, salaries and other employee benefits) for an amount of Le2.4 billion in the financial statements were undertaken for which some supporting documents were submitted. However, the nature of these supporting documents was insufficient to fully substantiate the payment concerned. For example, payments should be supported by receipts, invoices, delivery notes and other relevant documentation as well as the payment voucher. It was therefore recommended that the councils concerned should submit the relevant supporting documents to ASSL.

Table 7.7: *Payments without Relevant Documentary Evidence*

Table 7.7- Payments without relevant documentary evidence	
Name of Council	Total Le
Bo District Council	59,326,381
Bonthe Municipal Council	373,106,238
Freetown City Council	208,946,000
Kailahun District Council	334,686,000
Kambia District Council	136,307,000
Koinadugu District Council	337,868,916
Kono District Council	138,339,568
Tonkolili District Council	384,232,800
Western Area Rural District Council	460,000,000
Total	2,432,812,903

7.7. OUTSTANDING ISSUES FROM PREVIOUS REPORT

Set Targets of the Performance Management Contract not Met

The targets set in the Performance Management Contract that were agreed upon between His Excellency the President and the councils were not fully met for some of the specific deliverables at the end of 2013.

Internal control system

The 'Internal Control System' consists of all the procedures adopted by the management of the councils to support the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The internal controls exist but it is weak in some areas/local councils.

The following were observed:

- Internal audit department was inadequately staffed. In most councils, donor funded projects were not included in the annual work plans of internal Auditors. Audit Committees were nonexistent or non-functional in many councils. Internal audit recommendations were not implemented in some Council.
- There was no risk management process in place at the councils to identify and respond to the risk of fraud.
- Provisions for virus protection for desktops, individual PCs and laptops were inadequate. Most of the computers at the councils were infested with viruses.
- A number of authorised users of the PETRA accounting package used by the councils such as the Mayor, Chief Administrator and Internal Auditor, who were supposed to approve and review the records in the PETRA, did not access the system during the financial year under review.
- There were significant delays in the posting of transactions into the PETRA accounting package and a number of transactions were reversed after they were entered into the system.

CHAPTER 8

8.1. LOCAL CHIEFDOMS

MAIN POINTS

The audits of Local Chiefdoms focused primarily on the collection and administration of local taxes and other revenue generated by chiefdom councils which were deemed as high risk areas. Risk simply means the possibility of something undesirable happening at some time in the future and could have a negative impact should it happen. The exercise was carried out to ascertain whether the financial documents and books of accounts were a reasonable presentation of the results of the activities for the period, and applicable internal control procedures necessary for sound and prudent financial management were in place, and in line with existing rules and regulations.

Why it is important

According to the Local Government Act of 2004, the chiefdom councils' significant role is to ensure that revenues raised from local taxes and from mining revenues other than those collected by the Government are shared between itself and the Local Councils. Such revenues are used in the running of the affairs of the chiefdoms.

What we found

In general and across virtually all Local Chiefdoms the significant matters identified in the audit examinations fall into the following areas:

- Missing supporting documentation for transactions;
- Poor cash and bank account management practices;
- Monies not banked before utilized;
- Inadequate use of or a failure to use Asset Registers;
- Failure to deduct withholding tax from supplier remittances;
- Monthly bank reconciliations not carried out; and
- Precepts not deducted and paid to the Local District Councils.

There were also instances of largely unrepresented documents upon request by auditors. Those vital documents hindered the audit exercise and sadly, after thirty days in which personnel of various chiefdoms were advised to produce those documents, most of them were not available.

Overall the findings suggest a need for greatly improved financial management with a clear focus on basic principles of book keeping.

Summary of Detailed Findings and Recommendations

Common Issues

These common issues are outlined in the paragraphs below. Table 8.1 shows to which chiefdoms each of these issues relate and, where appropriate, values are also included. It should be noted that only the most common issues are addressed here. Other audit issues are reported under the report section relating to specific Local Chiefdoms.

Payments without Supporting Documents

Supporting documents for payments made by local chiefdoms, totalled Le30,799,600 were not presented for audit inspection for the reviewed period. As these documents were not made available, there is the risk that these payments were for goods or services that were not actually delivered to the respective institutions. It was recommended that chiefdom administrative clerks should ensure that all supporting documents in relation to those transactions were submitted to ASSL for inspection and, in future, all supporting documents must be attached to PVs and retained for audit purposes.

Monies not Brought to Account

A comparison between the receipt books used in the collection of revenue and the bank pay-in-slips and statements revealed a difference of Le164,223,800 that was not brought to account. This is in contravention of Section 62 (1) of the Financial Management Regulations (FMR) which states that “all departmental revenue or other public moneys collected shall be paid into a bank account authorised by the Accountant General or into a Treasury daily or if it is not possible at the earliest opportunity”. I recommend the strengthening of internal controls over the collection and banking of revenue and a strict adherence to the provisions of Section 62(1) of the FMR. I also recommend effective management action against officials who fail to observe appropriate financial discipline as prescribed by the legislation governing financial management.

Procurement Procedures not Followed

Procurement records revealed that the sum of Le97,981,000 was utilised for rehabilitation and procurement of goods in Imperi Chiefdom. However, the audit team could not obtain minutes of the Chiefdom Council Committee members. There was neither a procurement unit, nor a procurement officer to administer and monitor contracts. Furthermore, there were no procurement records to ascertain that the selection of contractors was competitive and transparent. It was therefore recommended that the Chief Central Administrative Clerk (CCAC) must ensure that procurement activities undertaken by the chiefdom are open, competitive and transparent and must be in accordance with the provisions of the Public Procurement Act of 2004.

In addition, minutes of the Chiefdom Council Committee members’ meetings and all relevant procurement records should be submitted to the Audit Service for verification within 30 days of receipt of the report; otherwise the amount involved should be recovered and paid into the chiefdom’s account.

Revenue Collected and not Banked Before Utilisation

It is critical that all revenue collected must be banked for proper accountability, otherwise they may be diverted into private use. It was evident throughout the audit of 80% of the accounts of chiefdom councils that monies collected to the tune of Le100,680,703 were not banked, but rather they were put into immediate use. It was therefore recommended that in future, the revenue generated from the payment of local taxes, fines and other charges should be banked intact before utilisation and the bank statements and pay-in-slips retained for audit and reference purposes.

Withholding Tax not Deducted and Paid to the NRA

During the audits of the local chiefdoms conducted in 2014 it was identified that withholding taxes which totalled Le11,131,900 were not deducted and paid to NRA as specified by section 117(4) of

the Income Tax Act 2000. The amounts identified during the audits **MUST** be recovered and paid to NRA and evidence of payment forwarded to the ASSL for verification. Awareness raising campaigns should be carried out in chiefdoms in order to engender the collection and payment of taxes. The Government of Sierra Leone relies on tax revenue to finance key public services. Failure to properly and fully deduct, collect and remit withholding tax reduces available government revenue, and ultimately reduces the level and quality of public services rendered to citizens.

Monthly Bank Reconciliations not Prepared

A number of local chiefdoms audited did not perform monthly bank reconciliations during the period subject to audit. It is critical that institutions properly reconcile the statements received regularly from commercial banks and cashbook records maintained during their operation. This ensures that accounting entries recorded in the cashbook represent all transactions carried out and that amounts recorded are correct. Failure to reconcile the bank accounts in such a way raises question marks not only on the cash balance recorded in the cashbook, but also over revenue and expenditure items reported. It is critical that the local chiefdoms perform bank reconciliations shortly after the end of each month. All differences should be fully investigated and the appropriate corrections made to the cashbook.

Precepts not Deducted and Paid to the Local District Councils

Local tax collected during the period under review revealed that precepts which amounted to Le53,670,000 were not deducted and paid to the local district councils. This may undermine the district's planned commitment in addressing the felt needs of chiefdoms. It was recommended that the Chiefdom Administrative Clerks should ensure that precepts are deducted in accordance with the regulation and paid to the district council as soon as taxes are collected. In addition, the CCFC was to forward the relevant documentary evidence supporting the payment of precepts to the district council, to the ASSL for verification, within thirty days upon receipt of the report, otherwise, the total precepts due was to be refunded.

Fixed Assets Registers not Maintained

A number of local chiefdoms audited did not maintain fixed assets registers. This contravenes section 231(1) of the FMR 2007. Failure to maintain a fixed assets register makes it virtually impossible to maintain adequate control over assets held. Fixed assets registers should be introduced immediately and Chiefdom Administrators must ensure that the location and state of all assets are checked on a regular basis, evidence of which must be documented.

Table No. 8.1								
CHIEFDOM	Payment without SD (Le)	Monies not brought to account (Le)	Procurement procedures not followed (Le)	Revenue collected and not banked	Withholding taxes not paid to NRA (Le)	No Bank Reconciliation done	Non-payment of local tax precept (Le)	FAR not maintained
Diang Chiefdom Administration Koinadugu District (2013)	2,328,900	31,524,800						
Buya Romende Chiefdom Council Portloko District (2013)		13,135,000						
Gaura Chiefdom Council- Kenema (2011-2012)						✓	5,893,000	✓
Lower Bambara Chiefdom Council- Kenema District (2011-2012)	11,564,000			1,912,832	300,000	✓	11,212,000	✓
Nongowa Chiefdom Council- Kenema District (2011-2012)	8,845,000			74,836,600	155,000	✓	25,173,000	✓
Simbaru Chiefdom Council- Kenema District (2011-2012)	2,575,000			14,368,000	108,750	✓	6,916,000	✓
Small Bo Chiefdom Council- Kenema District (2011-2012)	5,486,700			9,563,271	975,000	✓	4,476,000	✓
Gbanti-Kamaranka Chiefdom Administration Bombali District (2013)		23,525,000						
Jong Chiefdom Council (2012 -2013)		9,348,000				✓		
Kpanda Kemoh Chiefdom Council (2012-2013)		9,466,000				✓		
Imperri Chiefdom Council (2012-2013)			97,981,000		5,149,050	✓		
Nimikoro Chiefdom Council - Kono2011- (2012)					997,500	✓		✓
Sandor Chiefdom Council Kono (2011-2012)					1,839,700			✓
Tankoro Chiefdom Council Kono (2011-2012)					1,606,900	✓		
Sanda Loko Chiefdom Administration Bombali District (2013)		25,465,000						
Sela Limba Chiefdom Administration Bombali District (2013)		51,760,000						
Total (Le)	30,799,600	164,223,800	97,981,000	100,680,703	11,131,900	N/A	53,670,000	N/A

Unpresented Documents

In spite of several requests, vital accountable documents were not submitted for inspection in the under-mentioned Local Chiefdoms for various periods under review. See table 8.2 below:

Table No. 8.2	
LOCAL CHIEFDOM	UNPRESENTED DOCUMENT
Gaura Chiefdom Council- Kenema (2011-2012)	Accountable document register indicating the number of receipt books issued and used by the Chiefdom council
Lower Bambara Chiefdom Council- Kenema District (2011-2012)	Accountable document register indicating the number of receipt books issued and used by the Chiefdom council
Nongowa Chiefdom Council- Kenema District (2011-2012)	Accountable document register indicating the number of receipt books issued and used by the Chiefdom council
Simbaru Chiefdom Council- Kenema District (2011-2012)	Accountable document register indicating the number of receipt books issued and used by the Chiefdom council
Small Bo Chiefdom Council- Kenema District (2011-2012)	Accountable document register indicating the number of receipt books issued and used by the Chiefdom council
Gbanti-Kamaranka Chiefdom Administration Bombali District (2013)	General receipt books and Mining revenue documents
Sandor Chiefdom- Kono2011- (2012)	Two Local tax receipt books number 102701-102800 and 063101-063200 for 2011 and 2012 tax years respectively; and Staff personal files.
Sanda Loko Chiefdom Administration Bombali District (2013)	Mining revenue documents
Sella Limba Chiefdom Administration Bombali District (2013)	Mining revenue documents

It was recommended that the Chiefdom Administrative Clerks should ensure that a secured system exists for the safe custody of all accountable documents. The Chief Administrative Clerk was also required to submit the queried documents to ASSL for verification, within thirty days of the receipt of the report.

CHAPTER 9

SCHOOLS

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9.1. SCHOOLS

Main Points

What we examined

This year the audits of schools were focused on the Girl Child Education Support, the administration of payroll and the management of funds in secondary schools. These were considered as high risk areas. By risk we mean the possibility of something undesirable happening at some time in the future and that could have a negative impact should it happen. For each school selected we examined a test sample of transactions. The audit was to ascertain whether managers complied with government policies and procedures in the payment of girl child programme and to confirm whether rules and regulations governing payroll and the management of funds in secondary schools were fully complied with by officials.

Why it is important

The citizens of Sierra Leone place great importance on education for their children. State funds invested in schools and education generally are significant. Getting value for money from a well-administered education system is a reasonable expectation as is having confidence in the integrity of all those charged with its delivery.

Within the system the girl child education support program provides subsidies for the payment of school fees. Once received the amount of the subsidy is payable to eligible parents or guardians. It is important that these funds find their way into the right hands.

The government disburses huge amounts to pay teachers every month. School administrators must ensure these salaries are paid to eligible teachers for services rendered

What we found

Based on our review of schools we continue to believe that the Ministry of Education, Science and Technology (MEST) has done little to ensure that corrective action is taken to address administrative and financial management issues in the secondary school system. These are of the gravest urgency. There has been no improvement in the processing of Girl Child Refund. Refunds were made to ineligible beneficiaries and in some instances there was no evidence of refunds to eligible beneficiaries. Controls surrounding payroll administration in secondary schools remain weak. Unless adequate and immediate measures are instituted by the MEST to address these control weaknesses, payroll management in secondary schools may lead to loss of much needed government revenue and may frustrate delivery of educational services to secondary schools. Other basic procedures that are not being observed are as follows:

- there are extensive disbursements without adequate supporting documents;
- procurement rules are not followed; and
- in some instances withholding taxes are not deducted and paid over to the National Revenue Authority.

We will continue to review the situation and we would hope to see evidence of improvement. The Ministry of Education must follow-up on our detailed observations as set out in the paragraphs below:

9.2. INADEQUATE CONTROL OVER THE MANAGEMENT OF GIRL CHILD EDUCATION SUPPORT

In managing the Girl Child Education Support programme some schools did not fully comply with the relevant procedures. The following was observed:

- In the Baptist Secondary School Freetown an amount of Le1.48 million was paid to persons whose names were neither on the claim sheet as pupils nor on the Fees Register. Refunds are only payable to registered claimants who paid fees in whole or in part and are in possession of valid fee receipts. In addition, repeaters, non-claimants and fee defaulters need not be refunded.
- Despite repeated requests, in several cases vital documents for the Girl Child Education Support programme were not presented for audit inspection. There was no evidence to indicate that the sum of Le66 million paid into the school fees accounts had been paid over to beneficiaries. There is the risk that this fund may have been diverted to personal use. It was therefore recommended that the Principals should ensure that a proper system existed for the safe custody of all accountable documents by putting shelves and control ledgers in place to monitor the inward and outward movement of documents.

Table 9.1 No evidence of Girl Child Support refunds	
Name of school	Le
Ansarul Islamic Girls Junior Secondary School – Kono	37,525,000
Islamic Junior Secondary School – Kono	28,475,000
Total	66,000,000

- In our previous report, we recommended that the school authorities were to make returns to the Consolidated Revenue Fund (CRF) in respect of unregistered and/or un-refunded claimants. These recommendations were not acted upon as there was no evidence that unclaimed refunds, totalling Le99.3 million and Le137.5 million had been paid back into the CRF. Details are given in Table 9.2

Table 9.2 Outstanding Issues in Previous Report			
Schools	Unclaimed Refunds Le	No Evidence of Girl Child Support Refunds Le	Total Le
Abdel Nasser JSS-Bo		9,850,000	9,850,000
Badru Deen Islamic JSS – Kenema		9,225,000	9,225,000
Methodist Junior Secondary School – Kenema	506,950		506,950
St. Joseph's Junior Secondary School- Makeni Town	12,050,000		12,050,000
Bishop Comforti Agricultural Secondary School -Mile 91	800,000		800,000
Murray Town Municipal Junior Secondary School - Freetown		35,697,000	35,697,000
Ahmadiyya JSS-Freetown	4,180,000		4,180,000
Wallace Johnson JSS-Freetown	1,350,000		1,350,000
United Methodist Secondary School For Girls-Freetown	2,450,000		2,450,000
St Helena A.M.E. Secondary School -Freetown	2,320,000		2,320,000
St. Joseph's Secondary School –Freetown	7,625,000		27,625,000

Table 9.2 Outstanding Issues in Previous Report			
Schools	Unclaimed Refunds Le	No Evidence of Girl Child Support Refunds Le	Total Le
Henry Fergusson Junior Secondary School -Freetown	1,550,000.00	34,080,000	35,630,000
Government Independent Memorial Junior Secondary School Freetown	6,000,000	25,780,000	31,780,000
Freetown Secondary School For Girls- Freetown	38,823,000		38,823,000
Dr. S.M. Broderick Junior Secondary School- Freetown	1,590,000		1,590,000
Dr. David Arnold High School Freetown		22,900,000	22,900,000
Grand Total	99,244,950	137,532,000	236,776,950

9.3. TEACHERS ON STUDY LEAVE WITHOUT THE APPROVAL OF THE MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY

In spite of previous recommendations, schools continued to grant teachers study leave without the approval of the Ministry of Education. Some teachers whose names were on the salary vouchers were on study leave without the approval of the Ministry of Education. The sum of Le199.6 million was paid to them during the period under review. This may affect the teaching scheme and deprive the school and pupils of the much needed services of the teachers.

Table 9.3 Teachers on study leave without the approval of the ministry	
Name of School	Salary Paid to Teachers on Study Leave (Le)
St. Joseph's Convent Senior Secondary School, Makeni	22,806,261
St. Francis Junior Secondary School, Makeni	10,663,732
Centenary United Methodist Junior Secondary School, Bo	51,698,048
Centenary United Methodist Senior Secondary School, Bo	55,374,621
Bo Commercial Junior Secondary School	7,711,013
Queen of the Rosary Junior Secondary School, Bo	8,455,292
Queen of the Rosary Senior Secondary School, Bo	7,504,021
Nusrat Jahan Ahmadiyya Girls Secondary School, Bo	35,363,976
Total	199,576,964

9.4. UNCLAIMED SALARIES NOT PAID INTO THE CRF

Financial Management Regulations 2007 require that unpaid personnel emoluments be repaid to the Accountant-General and the entry on the salary voucher initialled by the paying officer and verified by the Chief Financial Officer.

There was no evidence to justify that unclaimed salaries amounting to Le134.3 million were paid into the CRF. In addition, there was no evidence to indicate that this amount was paid back to the respective employees. There is the risk that payments of salaries may have been made to non existing staff.

Table 9.4 Unclaimed salaries not paid into the CRF	
Name of School	Unclaimed Salary Le
Government Secondary School for Boys Magburaka	2,028,813
Makeni Comprehensive Academy Junior Secondary	1,178,476
Makeni Comprehensive Academy Senior Secondary School	4,814,545
Ahmadiyya Muslim Secondary School, Makeni	1,678,412
Albert Academy Senior Secondary School, Freetown	32,486,228
Baptist Secondary Schools, Freetown	90,776,809
Ahmadiyya Muslim Secondary School, Bo	1,306,730
Total	134,270,013

9.5. SALARIES COLLECTED ON BEHALF OF TEACHERS WITHOUT EVIDENCE OF WRITTEN AUTHORITY

It was observed that salaries totalling Le10.5 million were collected on behalf of staff members/teachers without any evidence of written authority from the beneficiaries. There is a risk that salary payments may be diverted into other use.

Table 9.5 Salaries collected on behalf of staff members/teachers without evidence of written authority	
Name of School	Salary paid without authority Le
St. Joseph's Convent Junior Secondary School, Makeni	7,295,478
St. Joseph's Convent Senior Secondary School, Makeni	3,205,855
Total	10,501,333

9.6. NAMES OF TEACHERS ON SALARY VOUCHERS NOT IN ATTENDANCE REGISTERS OR ON THE STAFF LIST

Some teachers' names appeared on salary vouchers but could not be found in the daily attendance registers or on the school's staff list for that period. The total salary paid to those teachers amounted to Le65.9 and Le83.1 million respectively.

Table 9.6- Names of teachers on salary vouchers not in attendance registers or on the staff list		
Name of School	Not on Attendance Registers (Le)	Not on Staff List (Le)
Birch Memorial Senior Secondary School Makeni	26,794,562	
National Commercial Secondary School, Magburaka	7,803,252	
St. Francis Senior Secondary School, Makeni	31,316,661	
St. Joseph's Convent Senior Secondary School, Makeni		19,144,242
Benevolent Islamic Secondary School Magburaka		41,668,558
Makeni Comprehensive Academy Junior Secondary		22,293,936
Total	65,914,475	83,106,736

9.7. TEACHERS ABOVE RETIREMENT AGE BUT STILL IN THE PAYROLL

Nine teachers on payrolls were above the retirement age and approval documents, to justify their continued employment, were not provided for examination. The sum of Le88.7 million was paid to these teachers.

Table 9.7 Salaries paid to teachers above retirement age		
Name of school	No of Teachers	Amount paid Le
Binkolo Catholic Secondary School, Binkolo	3	34,944,956
St. Francis Junior Secondary School, Makeni	3	28,193,605
St. Francis Senior Secondary School, Makeni	2	17,406,919
Albert Academy Senior Secondary School, Freetown	1	8,155,890
Total	9	88,701,370

9.8. TEACHERS NOT PHYSICALLY VERIFIED

Thirty-three teachers on salary vouchers did not make themselves available for physical verification during the audit. There is the risk that some teachers on the payroll are 'ghost teachers'. This may lead to the loss of government funds.

Table 9.8 Teachers not physically verified	
Name of School	No of teachers
Baptist secondary schools, Freetown	2
Dr June Holst-Roness Junior Secondary School, Freetown	8
Ahmadiyya Muslim Senior Secondary School-Bo	14
Tahir Ahmadiyya Boys Secondary School- Bo	9
Total	33

9.9. POOR PERSONNEL MANAGEMENT

Appraisals

Teachers were not given personal appraisals for the period under review as required by the Education Act 2004. Section 40 requires that every teacher shall be critically appraised annually by his head teacher or principal, as the case may be, to determine his performance in relation to:

- his general conduct;
- his sense of responsibility and devotion to duty;
- the academic progress of his pupils; and
- the success rate of his pupils in both national and international examinations.

The report of any appraisal conducted shall be kept confidentially by the head teacher or principal, as the case may be, for the attention of the inspector of schools, the school Management Committee or Board of Governors, and shall be taken into account in determining the career development and promotion prospects of the teacher.

Personnel Files

A review of the staff personal files revealed that some teachers' personnel files lacked vital information such as:

- appointment letters;
- academic credentials/certificates;
- signed and approved employment data (ED) form;
- Birth certificates, etc.

Section 18 (1) (a) of the Education Act 2004 also requires the manager of a school to keep a register of teachers employed thereat, showing the particulars of such teachers. Personnel information maintained by the school may be inappropriate or misleading.

Time Books/Attendance Registers

Despite several requests to the principal of the Bo Commercial Senior Secondary School, Time Books/Attendance Registers for the 2011/2012 and 2012/2013 academic years were not submitted for audit. The total salaries of Le458.7 million and Le420.9 million respectively, were paid to teachers for the periods under review.

9.10. BREACH OF PROCUREMENT ACT 2004

Section 45(1) of the Public Procurement Act 2004 requires that the schools request quotations from at least three potential suppliers before ordering goods, works or services. Before ordering goods and services valued at Le65.5 million in 2013 this requirement was not met by the schools. As well as breaching the legislation, this action may have resulted in the school not achieving maximum value for money.

Table 9.10 Breach of Procurement Act	
Name of School	Amount (Le)
Methodist Junior Secondary School – Kenema	25,333,000
Dr June Holst-Roness Junior Secondary School-Freetown.	4,540,000
Ahmadiyya Muslim Senior Secondary School – Freetown	17,975,000
Ahmadiyya Muslim Junior Secondary School – Freetown	17,645,000
Total	65,493,000

9.11. EXPENDITURE WITHOUT ADEQUATE DOCUMENTARY EVIDENCE

Basic internal control procedures and good accounting practice dictate that an authorised officer shall, before making any payment against a voucher, check that:

- the voucher is properly supported by the appropriate documents; and
- the documents are attached to the voucher and are correct and complete in every respect.

In the review of accounting records for 2013, some non-payroll expenditure items were not supported by adequate documentary evidence such as receipts, invoices, beneficiary lists, delivery notes, etc. Based on sample testing, the estimated value of these items is approximately Le42.7 million. The absence of documentary evidence in the payment and receipt of goods, works and services casts doubt on the authenticity of transactions. It was recommended that all supporting documents for receipt of goods or services and payment of expenditure should be retained for at least five years.

Table 9.11 Expenditure without adequate documentary evidence	
Name of School	Amount (Le)
Ansarul Islamic Girls Junior Secondary School – Kono	8,556,850
Ahmadiyya Muslim Senior Secondary School – Freetown	6,300,000
Ahmadiyya Muslim Junior Secondary School – Freetown	24,675,000
Baptist Secondary School- Freetown	3,145,000
Total	42,676,850

9.12. STATUTORY DEDUCTIONS NOT PAID OVER TO THE RELEVANT AUTHORITY

Withholding taxes, of Le 5.9 million, were not deducted and paid over to the National Revenue Authority as required by the Income Tax Act. Failure to pay tax reduces the amount of revenue collected by and available to Government and threatens delivery of critical Government services.

Table 9.12 Statutory deduction not paid over to the relevant authority	
Name of School	Amount (Le)
Koidu Secondary School – Kono	1,266,650
St. James Junior Secondary School – Kenema	513,000
Methodist Junior Secondary School – Kenema	309,150
Ahmadiyya Muslim Senior Secondary School – Freetown	1,730,000
Ahmadiyya Muslim Junior Secondary School – Freetown	1,341,000
Baptist Secondary School -Freetown	759,450
Total	5,919,250

APPENDIX A

Appendix A (Losses of cash and stores recorded from 1 st January 2013 to 31 st December 2013)				
MDA	Details	Page Ref	Cash loss (Le)	Other Items
Ministry of Education Science And Technology – Kono (2013)	Non retirement of allocations.	86	29,351,000	
Ministry of Education Science and Technology -Kailahun (2013)	Units of text books unaccounted for.	95		689,708
	Fuel unaccounted for.	95	5,404,500	
	Withholding taxes not deducted and paid to NRA.	86	6,605,634	
	Payment without supporting documents.	86	122,333,000	
Ministry of Education, Science and Technology-Kambia (2013)	Fuel unaccounted for.	96	28,960,000	
	Lack of documentary evidence to justify disbursements.	86	6,494,000	
	Repairs without receipts and test certificates.	95	12,000,000	
Ministry of Agriculture Forestry and Food Security (2013)	Withholding tax not deducted and paid to the NRA.	86	9,000,000	
	Payments without supporting documents.	86	567,150,640	
Ministry of Agriculture Forestry and Food Security Port Loko District (2013)	Revenue not banked and accounted for.	103	5,450,000	
	Bushels of seed rice not accounted for.	103		171
Ministry of Agriculture Forestry and Food Security, Koinadugu (2013)	210 bags of fertilisers not brought to account.	102	29,400,000	
	Three (3) XL motorbikes not seen for physical verification.	102	74,955,000	
Ministry of Agriculture Forestry and Food Security, Kambia(2013)	Revenue from forestry division not banked and accounted for.	101	4,997,000	
	Yearly payments for tractors loaned to farmers still remained unrecovered.	102	275,061,229	
Ministry of Mines and Mineral Resources(2013)	13 over-aged staff received salaries.	103	96,590,043	
Ministry of Mines and Mineral Resources, Northern (2013)	Revenue not brought to account.	105	11,300,000	
	Unclaimed salaries of MMOs not paid back into the MMF account.	105	18,589,560	
Ministry of Fisheries and Marine Resources (2013)	Staff who had exceeded the statutory retirement age.	161	54,700,385	
	Two (2) unverified personnel paid salaries.	162	10,848,588	
Ministry of Defence (2013)	Fuel unaccounted for.	105-106	181,576,500	
	11,020 bags of rice unaccounted for.	107	1,860,727,000	
Ministry of Defence, Bombali (2013)	(66) bags of rice not accounted for.	102	9,240,000	
	Fuel Unaccounted for.	102	23,175,000	
	Imprest not retired.	86	15,000,000	
	Ration cash allowances not retired.	102	34,710,000	
	Withholding taxes not deducted and paid to NRA.	86	9,867,750	
Bal b/d			3,503,486,829	

Appendix A (Losses of cash and stores recorded from 1st January 2013 to 31st December 2013)				
MDA	Details	Page Ref	Cash loss (Le)	Other Items
Bal b/f			3,503,486,829	
Ministry of Defence, Koinadugu (2013)	Records of fuel consumption not made available for audit inspection.	112	75,978,000	
	Imprest not retired.	88	10,330,232	
Ministry of Health & Sanitation (2013)	Loan from Miscellaneous Account not repaid.	114	149,975,275	
	Withholding Taxes not deducted and paid to NRA.	86	6,936,532	
District Medical Office-Freetown (2013)	Outstanding payment in respect of cost-recovery drugs	131	19,462,471	
	Revenue not paid into the Cost-Recovery Account.	132	14,422,870	
Government Hospital – Kono (2013)	Monies withdrawn unaccounted for.	87	7,882,000	
	Fuel unaccounted for.	139	158,692,513	
Rokupa Government Hospital (2013)	Government's share of hospital proceeds not paid into the CRF.	125	9,186,350	
Kingharman Road Hospital (2013)	Revenue not paid to the CRF.	129	9,281,350	
Government Hospital Port Loko District (2013)	Revenue not accounted for.	142	5,119,450	
	Lack of documentary evidence to justify disbursements.	87	16,500,000	
Sierra Leone Government Hospital – Moyamba (2013)	Revenue unaccounted for.	133	8,132,500	
	Diet not used for their intended purposes.	133	161, 239,468	
District Medical Office Moyamba (2013)	Bank withdrawals without supporting documents.	144	183,890,500	
Government Hospital- Kailahun (2013)	Fuel unaccounted for.	136	116,000,000	
District Medical Health Team – Kono (2013)	Revenue not brought to account.	147	20,501,666	
	No supporting document for the utilization of monies paid by UNIPSIL to the DMHT as rent.	87	31,363,200	
	Servicing and repairs of motor vehicles, motorbikes and generators without supporting documents.	147	107,500,000	
	Worth of fuel unaccounted for.	147	157,506,381	
District Health Medical Team-Kailahun (2013)	Revenue not brought to account.	149	77,424,302	
	No supporting documents for disbursements.	87	87,099,500	
	Withholding Taxes not paid to NRA.	87	4,099,475	
Ministry of Works Housing and Infrastructure (2012-2013)	Excess fuel supplied yet to be recovered	156	14,734,000	
	Outstanding revenue.	158	286,000,000	
Bal b/d			5,081,505,396	

Appendix A (Losses of cash and stores recorded from 1 st January 2013 to 31 st December 2013)				
MDA	Details	Page Ref	Cash loss (Le)	Other Items
Bal b/f			5,081,505,396	
Ministry of Youth Employment and Sport (2011 – 2013)	Sport equipment issued without written approved request and evidence of recipients' signature.	169	195,000,000	
	Fuel unaccounted for.	170	20,144,750	
	Laptops and desktop computers purchased were not produced for physical verification.	170	116,800,000	
	Gate takings not accounted for.	171	1,145,000,000	
Ministry of Employment Labour and Social Security (2013)	Non Registration And /Or Renewal Of Factory Registration.	164	374,750,000	
	Withholding Tax not deducted and paid to NRA.	88	2,830,000	
Office of the Chief of Staff (2011-2012)	Withholding Taxes not deducted from employees on contract.	89	294,963,496	
Office of the President (2013)	Unretired imprest.	89	52,241,508	
	Withholding tax not deducted from contract employees.	89	67,857,768	
Office of the Chief of Staff (2013)	Withholding tax not deducted.	89	29,304,376	
	Payment not supported by receipts.	89	277, 061,177	
	Withholding Tax not deducted from contract employees.	89	407,003,085	
Sierra Leone Police (2013)	Loan from Peacekeeping Account remains unpaid.	200	848,682,585	
	Refund Of Travelling Allowance.	201	16,200,000	
Judiciary of Sierra Leone (2013)	Overpayment of made to Yeanie Enterprises and not recovered.	192	48,500,000	
Parliamentary Service Commission (2013)	Salaries paid to seven (7) staff members who had attained the statutory retirement age.	196	23,205,702	
Sierra Leone Police – North West (2013)	Expenditure not supported by the relevant documentary evidence.	89	5,000,000	
Meteorological Department (2013)	Withholding Tax Not paid to NRA.	89	20,850,300	
Office of the Administrator and Registrar General (2013)	Revenue unaccounted for.	197	960,384,305	
TOTAL			9,710,223,271	